

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: **05/25/99**

Received By: **gibsom**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau 68314**

By/Representing: **Kava**

This file may be shown to any legislator: **NO**

Drafter: **gibsom**

May Contact:

Alt. Drafters:

Subject: **Nat. Res. - fish and game**

Extra Copies:

Pre Topic:

LFB:.....Kava -

Topic:

Handling fees retained by agents

Instructions:

See Attached

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|--------------------|---------------------|---------------------|----------------|--------------------------|-----------------|-----------------|
| /1 | gibsom 05/27/99 | gilfokm 05/28/99 | martykr 05/28/99 | _____ | lrb_docadmin 05/28/99 | | |
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| /3 | gibsom 06/11/99 | gilfokm 06/11/99 | martykr 06/12/99 | _____ | lrb_docadmin 06/12/99 | | |

FE Sent For:

<END>

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FE Sent For:

*13-6-11-99
mmg*

Km 6/2

*JA 6/2
Km 12*

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FE Sent For: *12-6-10-99*
Kmg

Kmg

JAB
KMTD

<END>

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Received: 05/25/99

Received By: gibson

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Identical to LRB:

For: Legislative Fiscal Bureau 68314

By/Representing: Kava

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Drafter: gibson

May Contact:

Alt. Drafters:

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Instructions:

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| 1? | gibson | 1-5-28-99 kmf | km 5/28 | me 5 km 28 | | | |

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Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 21, 1999

Joint Committee on Finance

Paper #668

Handling Fees Retained by Agents (DNR -- Fish and Wildlife)

[LFB 1999-01 Budget Summary: Page 423, #15]

CURRENT LAW

The Department of Natural Resources currently charges a \$3 handling fee for licenses ordered (primarily by out-of-state residents) with a credit card by phone or by mail from the DNR Madison office. Statutorily, the fee is to be set at a level sufficient to recover handling costs and is required to be established in administrative rule, but is currently set by directive from the DNR Secretary.

GOVERNOR

Allow the Department to allow any agent appointed to sell hunting and fishing licenses to collect and retain all, or a portion of, the handling fee that the Department is now authorized to charge for handling costs (such as credit transaction fees, mailing costs and personnel costs) that are necessary to process licenses purchased by mail, telephone or electronic means.

DISCUSSION POINTS

1. DNR and administration officials indicate that the intent is to allow the Department's agent for telephone sales under the Automated License Issuance System (ALIS) to collect the same issuing fee as that charged by the Department. Under the ALIS contract, this agent is currently operating a toll free telephone line to sell licenses. The agent would handle the phone orders, accept credit card purchases, pay the credit card discount fee and mail the license to the customer. Without the statutory change, the agent would have to remit the handling fee to the Department. DNR would then deposit the fee in the conservation fund, and remit the money back to the agent.
2. The language could be interpreted, however, to mean that the Department could

allow any agent appointed by DNR (including county clerks, sporting goods stores, discount stores and bait shops) to collect the additional fee for the cost of handling the license, including personnel costs and credit card discount fees. DNR indicates that they have received requests from some merchant associations to grant their members this authority.

3. Under current law, an agent is allowed to retain 50¢ from the sale of each license and 15¢ from the sale of each stamp for the costs associated with the selling of the license. Extending authority to collect an additional \$3 (or more) for license handling costs would represent a substantial increase in the amount an agent would retain for selling licenses. This could be viewed as a way to compensate agents for the additional costs associated with credit card discount fees. However, agents are not required to accept credit card transactions under the ALIS system.

4. If the Department chose to generally expand the handling fee authority to agents statewide, it could create inconsistencies in the prices charged for the same license privileges based on where a person chooses to purchase the license. It would also be inconsistent with current law provisions regarding agent compensation and the Department's and administration's intent in making the proposed statutory change.

5. Under the bill, it is not mandatory that agents collect the handling fee. The Department would first have to grant agents the authority to charge the fee, and then agents would make the decision on whether to charge customers.

6. If the Committee did not want to leave this matter to the Department's discretion, it could limit the Department's authority to allowing only designated agents operating a telephone license sales system to collect the fee, consistent with the original intent of DNR and the Governor.

7. Further, while the fee charged by DNR is currently \$3, under the bill DNR would be required to set the fee level by rule and could establish a different fee. A fee of greater than the current \$3 flat fee could be proposed or a fee based on a percentage of the purchase amount could be established (credit card discount fees are generally 3% of the purchase amount). Also, given that DNR has already established a fee without promulgating a rule, it is uncertain whether the requirements of the law would be followed in regard to the agents. The maximum fee could be established in statute.

8. Under current law, the handling fee can only be charged by the Department for license purchases made with a credit card by phone or by mail, in part to cover credit card discount fees. A person purchasing a license in person at a DNR service center does not pay the handling fee, but DNR pays a discount fee. To address this concern, the Committee could also require the handling fee be charged to a customer purchasing a license at a DNR location with a credit card.

9. However, this would mean that a person purchasing a license with a credit card would pay a higher fee for the same privileges than someone paying with cash or a check. On the other hand, this could be viewed as appropriate given the higher cost to the Department of allowing people to purchase a license with a credit card. (The bill provides an additional \$54,000 annually to cover credit card discount fees.)

ALTERNATIVES

1. Approve the Governor's recommendation to allow the Department to allow any agent appointed to sell hunting and fishing licenses to collect and retain all, or a portion of, the handling fee that the Department is now authorized to charge for the handling costs.

2. Modify the Governor's recommendation to allow the Department to appoint only the agent it is contracting with to operate the Automated License Issuance System to collect and retain all, or a portion of, the handling fee.

3. Adopt Alternative 1 or 2, but statutorily set the maximum per transaction fee (rather than allowing DNR to establish the fee by rule) at one of the following:

- a. \$3
- b. \$5
- c. 3% of the purchase amount.

4. In addition to any of the above alternatives, extend the handling fee to purchases made in person ~~at a DNR location~~ using a credit card.

5. Maintain current law.

Prepared by: Russ Kava

one Super agent to collect handling fee
Baby agents cannot collect except under
check appropriation Alternative
4

" ~~states~~ person w/ DNR Rs to issue
tr approvals directly to individuals

Can be more than one for



State of Wisconsin
1999 - 2000 LEGISLATURE

D-N
soon

RMR
LRBb0405A 1
MGG... King

LFB:.....Kava - Handling fees retained by agents

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 502, line 21: after that line insert:

3 ~~722m~~ 722v
4 "SECTION ~~720~~ 29.024 (6) (a) 4. of the statutes is created to read:

5 29.024 (6) (a) 4. Contract with persons who are not employes of the department
to operate a statewide ^{or regional} automated system for issuing approvals."

History: 1997 a. 248 ss. 90, 91, 123 to 134, 161; 1997 a. 249 ss. 1, 2; s. 13.93 (1) (b), (2) (c).

6 ✓ 2. Page 503, line 10: delete that line and substitute "of persons appointed
7 under par. ~~pars.~~ (a) 2. and 3. and 4. and (am) 2. and 3."

8 ✓ 3. Page 506, line 13: delete ^{the} ~~handling costs~~ and substitute long-distance
9 handling costs and in-person credit transaction costs".

10 ✓ 4. Page 506, line 13: after that line insert:

11 ~~733~~ 733d
"SECTION ~~730~~ 29.556 (1b) (a) of the statutes is created to read:

#. Page 506, line 19: after "fee." insert "The".

1 29.556 (1b) (a) "In-person credit transaction costs" means the costs associated
2 with issuing approvals that are applied for and issued in person and that are paid
3 for by using a credit card."

4 ✓ 5. Page 506, line 20: delete "The" and substitute "handling".

5 ✓ 6. Page 506, line 20: after "cover the" insert "long-distance".

6 ✓ 7. Page 506, line 21: after "costs" insert "or the in-person credit transaction
7 costs".

8 ✓ 8. Page 506, line 22: delete the material beginning with that line and ending
9 with page 507, line 4 and substitute:

10 "(1b) In this paragraph, "handling section:

11 (b) "Long-distance handling costs" includes means the costs associated with
12 paying for approvals that are requested by mail, telephone or electronic means and
13 includes credit transaction fees, mailing costs and personnel costs that are necessary
14 to process the a credit transaction.

15 SECTION 29.556 (2) (b) of the statutes is created to read:

16 29.556 (2) (b) 1. The department may allow a person with whom it has
17 contracted under s. 29.024 (6) (a) 4. to collect handling fees that cover long-distance
18 handling costs. The department may allow the person to retain all or a portion of
19 each handling fee.

20 2. The department may allow an agent who is appointed under s. 29.024 (a) 2.
21 or 3. to collect handling fees that cover in-person credit transaction costs. The
22 department may allow the agent to retain all or a portion of each handling fee."

23 ✓ 9. Page 507, line 12: substitute "2. or 3. or 4." for "2. or 3."

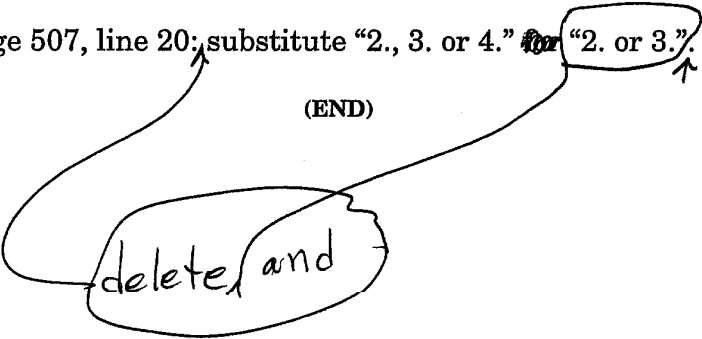
delete and

1

✓ **10.** Page 507, line 20; substitute "2., 3. or 4." ~~for~~ "2. or 3." ↑

2

(END)



D-Note

: King:

^r referred to a statewide or ^r regional automated
system to give ^N D/R flexibility. OK?

~~MM~~

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0405/1dn
MGG:kmg:km

May 28, 1999

I referred to a statewide or regional automated system to give DNR flexibility. OK?

Mary Gibson-Glass
Senior Legislative Attorney
Phone: (608) 267-3215



State of Wisconsin
1999 - 2000 LEGISLATURE

RMR
LRBb0405/1
MGG:kmg:km

noon

LFB:.....Kava - Handling fees retained by agents

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

In MGG's
Inbox

1 At the locations indicated, amend the bill as follows:

2 1. Page 502, line 21: after that line insert:

3 "SECTION 722v. 29.024 (6) (a) 4. of the statutes is created to read:

4 29.024 (6) (a) 4. Contract with persons who are not employes of the department

5 to operate a statewide ~~or regional~~ automated system for issuing approvals."

6 2. Page 503, line 10: delete that line and substitute "of persons appointed
7 under par. pars. (a) 2. and 3. and 4. and (am) 2. and 3."

8 3. Page 506, line 13: delete "the handling costs" and substitute "long-distance
9 handling costs and in-person credit transaction costs".

10 4. Page 506, line 13: after that line insert:

11 "SECTION 733d. 29.556 (1b) (a) of the statutes is created to read:

1 29.556 (1b) (a) “In-person credit transaction costs” means the costs associated
2 with issuing approvals that are applied for and issued in person and that are paid
3 for by using a credit card.”.

4 **5.** Page 506, line 19: after “fee.” insert “The”.

5 **6.** Page 506, line 20: delete “The handling” and substitute A handling”.

6 **7.** Page 506, line 20: after “cover the” insert “long-distance”.

7 **8.** Page 506, line 21: after “costs” insert “or the in-person credit transaction
8 costs”.

9 **9.** Page 506, line 22: delete the material beginning with that line and ending
10 with page 507, line 4, and substitute:

11 “(1b) In this paragraph, handling section:

12 (b) “Long-distance handling costs” includes means the costs associated with
13 paying for approvals that are requested by mail, telephone or electronic means and
14 includes credit transaction fees, mailing costs and personnel costs that are necessary
15 to process the a credit transaction.

16 **SECTION 735b.** 29.556 (2) (b) of the statutes is created to read:

17 29.556 (2) (b) 1. The department may allow a person with whom it has
18 contracted under s. 29.024 (6) (a) 4. to collect handling fees that cover long-distance
19 handling costs. The department may allow the person to retain all or a portion of
20 each handling fee.

21 2. The department may allow an agent who is appointed under s. 29.024 (6) (a)
22 2. or 3. to collect handling fees that cover in-person credit transaction costs. The
23 department may allow the agent to retain all or a portion of each handling fee.”.

24 **10.** Page 507, line 12: delete “2. or 3.” and substitute “2. or 3. or 4.”.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0405/2
MGG:kmg:km

3RM

soon

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FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

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TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

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2 **1.** Page 502, line 21: after that line insert:

3 **"SECTION 722v.** 29.024 (6) (a) 4. of the statutes is created to read:

4 29.024 (6) (a) 4. Contract with persons who are not employes of the department
5 to operate a statewide automated system for issuing approvals."

6 **2.** Page 503, line 10: delete that line and substitute "of persons appointed
7 under ~~par. (a) 2. and 3. and 4.~~ (am) 2. and 3."

8 **3.** Page 506, line 13: delete "the handling costs" and substitute "long-distance
9 handling costs and in-person credit transaction costs".

10 **4.** Page 506, line 13: after that line insert:

11 **"SECTION 733d.** 29.556 (1b) (a) of the statutes is created to read:



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0405/3
MGG:kmg:km

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10 **4.** Page 506, line 13: after that line insert:

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1 29.556 (1b) (a) “In-person credit transaction costs” means the costs associated
2 with issuing approvals that are applied for and issued in person and that are paid
3 for by using a credit card.”.

4 **5.** Page 506, line 19: after “fee.” insert “The”.

5 **6.** Page 506, line 20: delete “The handling” and substitute A handling”.

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7 **8.** Page 506, line 21: after “costs” insert “or the in-person credit transaction
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9 **9.** Page 506, line 22: delete the material beginning with that line and ending
10 with page 507, line 4, and substitute:

11 “(1b) In this paragraph, “handling section:

12 (b) “Long-distance handling costs” ~~includes means~~ the costs associated with
13 paying for approvals that are requested by mail, telephone or electronic means and
14 includes credit transaction fees, mailing costs and personnel costs that are necessary
15 to process ~~the a~~ credit transaction.

16 **SECTION 735b.** 29.556 (2) (b) of the statutes is created to read:

17 29.556 (2) (b) 1. The department may collect long-distance handling costs and
18 in-person credit transaction costs for the approvals that the department itself
19 issues.

20 2. The department may allow a person with whom it has contracted under s.
21 29.024 (6) (a) 4. to collect handling fees that cover long-distance handling costs. The
22 department may allow the person to retain all or a portion of each handling fee.

