

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

<b>LRB #</b> -3171/1
<b>INTRODUCTION #</b> SB 190
<b>Admin. Rule #</b>

**Subject**  
 Campaign Finance Reform

**Fiscal Effect**

- State:**  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation
- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Increase Existing Appropriation            | <input type="checkbox"/> Increase Existing Revenues | <input type="checkbox"/> Increase Costs - May be Possible to Absorb<br>Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input checked="" type="checkbox"/> Decrease Existing Appropriation | <input type="checkbox"/> Decrease Existing Revenues |  |
| <input checked="" type="checkbox"/> Create New Appropriation        | <input type="checkbox"/> Decrease Costs             |  |

**Local:**  No Local Government Costs

- |  |   |  |
|--|---|--|
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Governmental Units Affected:<br><input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others _____<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| 2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |  |

**Fund Sources Affected**

- GPR    FED    PRO    PRS    SEG    SEG-S

**Affected Ch. 20 Appropriations**

20.510(1)(q); 20.566(1)(a); 20.855(4)(b);  
 20.855(4)(ba); and 20.855(4)(bb)

**Assumptions Used in Arriving at Fiscal Estimate:**

This bill would make changes to the current campaign finance law. It would eliminate the campaign fund checkoff and, instead, impose a 10% tax on lobbying expenditures reported to the Ethics Board.

The net fiscal effect of repealing the current law checkoff and implementing the lobbying expenditure tax would be an estimated increase in the amount designated for campaign finance of \$1,788,000 annually.


**Campaign Fund Checkoff**

The Wisconsin election campaign fund is financed through an individual income tax "checkoff." Every individual filing a state income tax return (whether having a tax liability or refund) may designate that \$1 of general fund revenues be transferred to the campaign fund. On joint returns, each spouse may choose to designate a \$1 transfer. All moneys transferred to the campaign fund are placed in accounts for specified state offices, and candidates for those offices may qualify for grants from the fund for specified campaign expenses. No moneys in the fund may be used for any other purpose.

This bill would eliminate the individual checkoff. In 1997, there were nearly 312,000 designations on state income tax returns for contributions to the election campaign fund. Therefore, if designations remain unchanged, eliminating the checkoff would decrease the amount designated to the fund by \$312,000. This provision is first effective on the day after publication.

(continued on page two)

**Long-Range Fiscal Implications:**

<b>Agency/Prepared by: (Name &amp; Phone No.)</b> Wisconsin Department of Revenue Pam Walgren, (608) 266-7817	<b>Authorized Signature/Telephone No.</b> Yeang-Eng Braun (608) 266-2700 	<b>Date</b> 6/9/99
---	--	-----------------------

Lobbying Expenditure Tax

The bill would change the name of the election campaign fund to the "clean government fund," and require revenue raised from a tax on lobbying expenditures to be deposited into the fund. A tax would be imposed on persons hiring lobbyists and would equal 10% of lobbying expenditures reported to the ethics board. The Secretary of the Department of Revenue would be required to certify annually the amount of taxes collected for the preceding 12 months ending on June 30 to the Secretary of the Department of Administration. This provision first applies to lobbying expenditures made during the six month period ending of December 31, 2000.

According to information from the Ethics Board, there were \$42 million in expenditures for lobbying during the 1997-98 legislative session, or \$21 million on an annualized basis. Therefore, the tax would increase the amount designated to the fund by \$2.1 million annually.

Administrative Costs

Information is not yet available on the amount of costs associated with this bill. Funding is not provided to cover costs associated with this bill.

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

**LRB # -3171/1**

**Admin. Rule #**

**INTRODUCTION # SB 190**

**Subject**  
**Campaign Finance Reform**

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	( FTE)	(- FTE)
State Operations-Other Costs	2,100,000	-312,000
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$ 2,100,000</b>	<b>\$ - 312,000</b>
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 2,100,000	\$ - 312,000
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$2,100,000	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		- 312,000
<b>TOTAL State Revenues</b>	<b>\$2,100,000</b>	<b>\$ - 312,000</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 1,788,000	\$
NET CHANGE IN REVENUES	\$1,788,000	\$

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Pam Walgren, (608) 266-7817	Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	6/9/99