

FISCAL ESTIMATE FORM

2001 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 01-1484/1
INTRODUCTION # AB 192
Admin. Rule #

Subject
Use of Unique Personal Identifiers

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 checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <input type="checkbox"/> Decrease Existing Appropriation | <input type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Create New Appropriation | <input type="checkbox"/> Decrease Costs | |

Local: No Local Government Costs

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

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.566 (1)(a)

Assumptions Used in Arriving at Fiscal Estimate:

This bill would require state agencies, local governments and businesses to investigate the feasibility of substituting a unique personal identifier for the social security numbers in its databases and documents mailed to individuals. Social security regulations authorize Wisconsin and other states to use social security numbers for the purposes of tax administration. Because of this authority, the Department of Revenue uses the social security number in virtually every computer system and database relating to individual taxpayers. However, the Department uses a unique personal identifier, rather than a social security number, on the mailing label of individual income tax booklets it mails to taxpayers.

The Department believes that it would not be feasible to convert its computer systems and databases so that they use a unique personal identifier rather than a social security number. A more thorough feasibility study examining each system and database separately would require a substantial expenditure of resources that cannot be estimated at this time. Substantial additional costs would be incurred if systems and databases were actually revised to substitute a unique personal identifier for a social security number.

Substitution of a unique personal identifier for a social security number by the Department and by other state agencies could also have a significant impact on tax collections because the Department is dependent on matching programs using social security numbers in its compliance efforts. These programs require social security numbers on both DOR and other agency databases and include the occupational licensing program, vendor setoff program, Internal Revenue Service levy source extract program and Department of Workforce Development wage reporting and new hire programs. They resulted in delinquent tax collections of approximately \$18 million in FY02. In addition, without social security numbers the state might not be able to intercept the tax refunds of individuals owing debts to other state agencies, counties and municipalities. Collections through these programs totalled nearly \$24 million in FY02.

Local governments are not believed to make extensive use of social security numbers, at least in property and other local tax administration, so the effect of the bill on local governments is not expected to be significant.

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Dennis Collier, (608) 266-5773	Yeang-Eng Braun (608) 266-2700 <i>Yeang-Eng Braun</i>	3/15/01

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2001 Session

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Subject
Use of Unique Personal Identifiers

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

See text of fiscal note.

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		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
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	\$	\$ - See text
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ - See text

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ See Text of Fiscal Note	\$ _____

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
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