

Fiscal Estimate - 2001 Session

Original Updated Corrected Supplemental

LRB Number 01-2889/2		Introduction Number SB-148	
Subject Business association fees			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.144(1)(g)			
Agency/Prepared By		Authorized Signature	
DFI/ Susan Dietzel (608) 267-0399		Susan Dietzel (608) 267-0399	
		Date	
		4/26/01	

Fiscal Estimate Narratives

DFI 4/30/01

LRB Number 01-2889/2	Introduction Number SB-148	Estimate Type Original
Subject		
Business association fees		

Assumptions Used in Arriving at Fiscal Estimate

This bill adjusts the fees paid by business corporations for shares authorized. Currently, the fee includes \$0.01 per share with certain minimums and maximums. The bill reduces the per share fee to \$0.0001 for each authorized share.

Revenue from these filings was approximately \$1,315,600 in CY 2000. Historically, new corporations generally file at either the minimum fee of \$90 for 9,000 authorized shares or the maximum fee of \$10,000 for 1,000,000 shares. The fees collected in CY 2000 also included revenue from 328 returning filers seeking an increase in authorized shares. The fees obtained from each of the 328 filers averaged \$1,573 in 2000. Below is the breakdown from CY 2000 filings:

Articles of Incorporation:
6,663 @ \$90 \$ 599,670
20 @ \$10,000 \$ 200,000
Total fees from new filings \$ 799,670

Amendments, restated articles, articles of merger or share exchange:
328 @ \$1,573 average \$ 515,944

Total CY 2000 Revenue \$1,315,614

Under the proposed bill, a new corporation could obtain 900,000 shares for the minimum fee of \$90. It is likely that most would fall within that range. A small number would continue to seek a substantial number of shares. Based on CY 2000 data, projected revenue generated from new filings would be:

6,678 @ \$90 \$ 601,020
5 @ \$10,000 \$ 50,000
Projected total from new filings \$ 651,020

There are currently 109,000 business corporations in Wisconsin. Last year 3/10ths of 1% increased the number of authorized shares. Under this bill, fees for filers will continue to include a \$40 or \$50 fee, depending upon the activity, plus the revised per share fee of \$0.0001.

Assuming the fee change will stimulate an increase of 15% in the number of corporations increasing authorized shares, and assuming the average number of shares authorized is 2,500,000, projected revenue from these filers will total:

377 @ \$45 (average filing fee) \$ 16,965
377 @ \$250 \$ 94,250
Projected total from revised authorized shares \$ 111,215

Total Projected Revenue from new and revised: \$ 762,235

This is a net decrease of \$553,400.

Long-Range Fiscal Implications