

Fiscal Estimate - 2003 Session

Original Updated Corrected Supplemental

LRB Number **03-3630/2** Introduction Number **AB-655**

Subject
Omnibus regulatory reform

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs 3. Increase Revenue
- Permissive Mandatory Permissive Mandatory
- 2. Decrease Costs 4. Decrease Revenue
- Permissive Mandatory Permissive Mandatory

5. Types of Local Government Units Affected

- Towns Village Cities
- Counties Others
- School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG SEGS ss.20.165 (1)(g) and 20.165 (1)(i)

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Fiscal Estimate Narratives

R&L 11/13/2003

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Subject Omnibus regulatory reform		

Assumptions Used in Arriving at Fiscal Estimate

AB 655 requires all agencies to prepare Economic Impact Statements for proposed Administrative Rules if affected groups or individuals petition the agency. The bill also requires all agencies to prepare Economic Impact Statements for existing rules if petitioned by affected groups or individuals. The Department of Administration [DOA] is required to review and report on these Economic Impact Statements and may return rules to agencies for revision. The Governor is required to approve rules under the bill.

The Department of Regulation and Licensing [DRL] does not currently have the staff to manage the proposed additional requirements for Administrative Rules. DRL would require new staff as outlined below in on-going costs. The bill does not provide for increased revenue or expenditure authority for the new work load.

AB 655 permits the Department of Regulation and Licensing [DRL], with the approval of the Real Estate Licensing Board, to license Real Estate Brokers and Salesperson from Out of State by reciprocity instead of requiring the Wisconsin examination.

This Fiscal Estimate assumes that the 500 Out of State applicants for the Wisconsin Real Estate examination each year would opt to be licensed reciprocally without examination. DRL further assumes that an additional 200 Real Estate Brokers and Salespersons would apply for reciprocal licenses.

DRL would incur one-time costs to modify Application and Licensing IT systems and to promulgate rule changes for reciprocal licensing. DRL also assumes an increase in annual costs due to increased complaint against Out of State Brokers and Salespersons.

All salary assumptions include fringe benefits at 38.92% of salary.

Cost Assumptions

Total One-time Costs: \$7,470

Modify IT programs

50 hours of IT programmer time @35 per hour \$1,750

Promulgate Rules [without Economic Impact Statement]on Reciprocal Licensing

40 hours legal counsel @53 per hour \$2,120

40 hours program manager @36 per hour \$1,440

80 hours paralegal @27 per hour \$2,160

Total On-going Costs: \$216,942

New staff to manage Economic Impact Statement process. Full Time equivalent is 2080 paid hours.

2000 hours legal counsel @53 per hour = 1 FTE attorney \$110,240

2000 hours economist or planning analyst @30 per hour = 1 FTE analyst \$ 62,400

2000 hours program assistant @17 per hour = 1 FTE program assistant \$ 35,360

Complaints about Real Estate practitioners

4% [5] increase in Complaints opened for investigation. 2 complaints taken to full hearing, 3 others settled after investigation

Full Hearing [2 Complaints]

10 hours program assistant @17 per hour \$ 170
12 hours investigator @26 per hour \$ 312
66 hours prosecutor @53 per hour \$3,498
80 hours administrative law judge @51 per hour \$4,080

Settled after Investigation [3 Complaints]

15 hours program assistant @17 per hour \$ 255
3 hours legal counsel @53 per hour \$ 159
18 hours investigator @26 per hour \$ 468

Revenue Assumptions

200 additional Out of State Real Estate Brokers and Salespersons would opt to be licensed reciprocally and pay a biennial license fee of \$53. This will bring in \$5,300 revenue annually, \$530 would be deposited to the General Fund and \$4,770 would come to DRL to cover the costs of regulation. The revenue does not automatically increase DRL's budget authority.

700 [current 500 plus 200 additional] Out of State Real Estate Brokers and Salespersons would not take the Wisconsin Real Estate examination losing \$9,450 in Program Revenue examination payments and \$4,550 in General Fund examination payments.

Net annual revenue is -\$4,020 to the General Fund and -\$4,680 to Program Revenue

Local Government:

DRL has no data on which to determine costs to Local Government.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Omnibus regulatory reform			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$7,470			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$216,942	
(FTE Position Changes)		(3.0 FTE)	
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$216,942	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS		216,942	
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		\$	\$
GPR Earned		530	-4,550
FED			
PRO/PRS		4,770	-9,450
SEG/SEG-S			
TOTAL State Revenues		\$5,300	-\$14,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$216,942	\$
NET CHANGE IN REVENUE		\$-8,700	\$
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