



**Fiscal Estimate Narratives**  
**COMM 7/11/2005**

LRB Number <b>05-1162/4</b>	Introduction Number <b>AB-520</b>	Estimate Type <b>Original</b>
<b>Subject</b> Job preservation		

**Assumptions Used in Arriving at Fiscal Estimate**

Under AB-520, companies based in the United States that eliminate at least 50 employees and transfer their jobs outside of the United States are no longer eligible to receive tax credits, property tax exemptions and grants or loans from the state or local units of government. Further, these companies are barred from entering into a contract with the state or any local unit of government to perform construction, re-modeling or repair work or to provide goods or services. This bill also applies to "expatriate companies" that organize outside of the United States, but closely resemble or relate to a former company organized in the United States. With a few exceptions, these penalties are in place for seven years, from the time the company reports a qualifying job reduction. The Department may petition the Department of Administration and the Joint Committee on Finance for a waiver of the penalty imposed under this bill if the Department finds that a waiver is necessary to meet a compelling public purpose.

This bill requires companies, which do business in Wisconsin and are subject to the provisions of AB 520, to self-report that information to the Department. The Department is required to survey companies affected by this bill, and to create on-line lists of these companies. The first list is for companies that experience a net loss of at least 50 employees in Wisconsin. The second list is to be used as a reference for state agencies and units of local government when entering into contracts for goods or services. This is a listing of companies that eliminate at least 50 jobs and create them outside of the United States. Lastly, AB 520 requires companies to certify that they are not subject to the provisions of this bill, and makes it a misdemeanor if that company knowingly makes a false statement.

The Department does not estimate that it could absorb the additional workload associated with this bill given current staffing levels. The Department anticipates it will need an additional 1.5 FTE positions to administer this program, including a 1.0 FTE Community Services Specialist and a 0.5 FTE Program Assistant position. According to the Department of Workforce Development, over a five year average, 120 Wisconsin businesses either lay off or eliminate at least 50 jobs in a year. According to U.S. Census records, Wisconsin has 8,342 companies that could potentially be affected by this bill, while the nation as a whole has 377,630 companies that could potentially be affected by AB 520.

The Department estimates that the workload generated by this bill will necessitate hiring a specialist that can serve as a point of contact for companies, state agencies, local units of government and state and local officials that have questions regarding this legislation. In addition, the incumbent will need to publicize the program, create all necessary forms, design surveys, perform all necessary reporting, write petitions for variances and consult on administrative rules as needed. The 0.5 FTE Program Assistant will need to catalogue and enter data from companies, and perform all correspondence as mandated under the bill. The Department will also necessitate an increase in its supplies and services to account for mailing, telephone and IT-related costs. These amounts are estimated below.

The annualized costs for an entry level Community Services Specialist position, which are detailed below, are currently \$48,900. The annualized costs for a 0.5 FTE Program Assistant 2 position, which are also detailed below, are currently \$17,900. The Department also anticipates one-time costs of \$7,000 for the Community Services Specialist position for a computer, workstation and IT applications development and one-time costs of \$4,500 for the Program Assistant 2 position.

**1.0 FTE Community Services Specialist**

Salary + Fringe: \$44,900  
Supplies and Services: \$ 4,000  
One Time Costs: \$ 7,000

0.5 FTE Program Assistant 2

Salary + Fringe: \$16,900

Supplies and Services: \$ 1,000

One Time Costs: \$ 4,500

Total annualized costs for 1.5 FTE positions: \$66,800

The Department anticipates that this bill will increase materials costs for local units of government, and will increase the workload for local officials contracting for goods or services. Local units of government will need to update all contracts to include a page for companies to certify that they are eligible to enter into a contract under the provisions of AB 520. Further, local officials may choose to verify that information by logging on to the Department's website. It is likely that these costs may be absorbed on the local level.

### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 05-1162/4		<b>Introduction Number</b> AB-520	
<b>Subject</b>			
Job preservation			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
11,500			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$61,800	
(FTE Position Changes)		(1.5 FTE)	
State Operations - Other Costs		5,000	
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$66,800</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR		66,800	
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$66,800	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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