



**Fiscal Estimate Narratives**  
**DATCP 10/18/2005**

LRB Number	<b>05-2744/3</b>	Introduction Number	<b>SB-320</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Unsolicited electronic mail					

**Assumptions Used in Arriving at Fiscal Estimate**

This bill regulates electronic mail solicitations (Spam) that are sent without consent of the receiving e-mail user. It prohibits messages that contain misrepresentations, use of multiple domain names to mask the identity of the sender, or in other ways falsifying the senders identity in the sending of electronic mail solicitations.

Spam has become one of the most reported consumer problems to state and Federal agencies. This bill attempts to regulate a subset of Spam messages, those that contain certain misrepresentations relating to the identity of the sender.

This bill directs the department to create an Internet web site that explains how to file a complaint and enables the consumer to file the complaint electronically. It also requires the department to investigate all instances of spam reported by consumers on the web site.

It is assumed that in Wisconsin there are an estimated 2.1 million households, of those approximately 1.4 have computers and use the internet. In addition it is assumed conservatively that .6 million business professionals use the internet in the workplace for a total of 2 million Wisconsin internet users that would be affected by this bill.

Studies show that internet users receive an average of 30 unsolicited e-mail messages per day. This estimate uses a more conservative assumption of 10 unsolicited e-mail messages per user per day resulting in a total of 20 million unsolicited e-mail messages per day in Wisconsin.

Historically, about 1% of consumers affected by a business scheme file complaints. Therefore, should DATCP receive complaints on just 1% of these messages it would be 200,000 complaints per day. Using a more conservative percentage of consumers filing complaints, such as .1% of the messages would still result in 20,000 complaints per day. Annually that is 7.3 million reports/complaints being filed on unsolicited e-mail messages compared to the Department's current 15,000 complaints per year on other consumer protection issues.

The department assumes that the vast number of these reports will be duplicates. Combining them into investigative files will result in 2,000 distinct investigations annually, and approximately 200 formal enforcement actions annually. Historically, investigations take 100 hours and court cases nearly 200 hour of staff time. This estimate assumes less staff time due to reliance on technology.

Based on the above conservative assumptions, the Department would need 20 FTE Investigators and an Investigative Supervisor at a cost of \$1,290,200. The department would also need to contract with outside vendors to provide software, build and maintain a web site that would collect consumer complaints, and provide the technical expertise necessary to trace messages in spite of the spammer's attempts to mask their identities. It is assumed that this contract will cost approximately \$300,000 annually for a combined annual total of \$1,590,200 and an increase of 21 FTE employees.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 05-2744/3		<b>Introduction Number</b> SB-320	
<b>Subject</b>			
Unsolicited electronic mail			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
Desks, computers, telephones, office setup, \$210,000.			
<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	\$1,027,700	
	(FTE Position Changes)	(21.0 FTE)	
	State Operations - Other Costs	562,500	
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$1,590,200</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR	1,590,200	
	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	\$1,590,200	\$
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>			
DATCP/ Jim Rabbitt (608) 224-4965		<b>Authorized Signature</b>	
		Barb Knapp (608) 224-4746	
			<b>Date</b>
			10/18/2005