

Fiscal Estimate Narratives

DOR 2/15/2008

LRB Number	07-3663/2	Introduction Number	AB-0738	Estimate Type	Original
Description Relating to: creating a Catastrophic Care Authority and making an appropriation.					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a Catastrophic Care Authority (CCA). The CCA is required, by September 15, 2009, to make recommendations to the Secretary of Administration for implementing a reinsurance program for catastrophic claims under group and/or individual health insurance policies. The CCA is to develop and administer any reinsurance program for which subsequent legislation provides the CCA with responsibility. The CCA may contract with a vendor to administer any reinsurance program that is enacted. The CCA is permitted to explore other means to reduce health care costs and to explore comprehensive health care reform.

The bill provides a GPR continuing appropriation of \$500,000 in both FY08 and FY09 for the establishment of the CCA and CCA operating costs.

The bill provides income, sales, and property tax exemptions to the CCA. Specifically, property owned by the CCA is exempt from property taxes if the use of the property primarily relates to the purpose of the authority. Income of the CCA is exempt from state income taxes. The gross receipts from sales to, and the storage by, use by, or other consumption of tangible personal property and taxable services by the CCA is exempt from sales and use tax.

The tax treatment of the CCA in the bill is similar to that given to several other authorities under current law, including the Fox River Navigational System Authority and the Health Insurance Risk-Sharing Plan Authority.

To the extent that the responsibilities assigned to the CCA would be assigned to a state agency in absence of the bill, the tax exemptions under the bill are not expected to have a fiscal impact given the state's general exemptions from property, sales, and income taxes.

The bill is not expected to increase the Department of Revenue's operating costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Relating to: creating a Catastrophic Care Authority and making an appropriation.			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	500,000		
TOTAL State Costs by Category	\$500,000		\$
B. State Costs by Source of Funds			
GPR	500,000		
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		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$500,000	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	
DOR/ Paul Ziegler (608) 266-5773		Paul Ziegler (608) 266-5773	
		Date	
		2/15/2008	