

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-3855/2	Introduction Number SB-434
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Description
 Relating to: cleanup and consolidation of Department of Commerce economic development programs, establishing a comprehensive annual reporting requirement, requiring the development of programmatic goals and accountability measures for economic development grants and loans, requiring the exercise of rule-making authority, and making an appropriation.

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
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
DOT/ Dennis Leong (608) 266-9910	Julie Johnson (608) 267-3703	2/7/2008

Fiscal Estimate Narratives

DOT 2/7/2008

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Assumptions Used in Arriving at Fiscal Estimate

No Fiscal Impact.

The Bill proposes that WisDOT submit to the Legislative Audit Committee and standing committees a comprehensive annual report by October 1 that details the economic activities of the previous fiscal year. WisDOT administers the Transportation Economic Assistance (TEA) Program, which is defined as an "economic development program" in the proposed legislation. The TEA program currently collects the information on the grant recipients and this information will be used for the annual report.

This audit report must include the following (1) number of grants or loans made by each entity (2) the amount of the grant or loan and (3) a total number of grants and loans received by each grant recipient. WisDOT must collaborate the Department of Commerce to post this information on the Internet. WisDOT has developed spreadsheets that contains both historical and current grant information needed for the reporting requirements.

WisDOT must promulgate administrative rules for each economic development program that provides at least \$100,000 to a grant or loan recipient. These rules include a verified statement sign by both the recipient and independent certified public accountant licensed or certified in Wisconsin. The administrative rule will contain provisions for recovering payments, withholding payments and imposing a fine or penalty if the grant recipient does not meet the contract requirements. In the case of the TEA program, the grant recipient is the local unit of government and a contract is executed between the agency and the community to guarantee the creation or retention of jobs for a period of seven years. Non-compliance could result in the community reimbursing the agency for the cost of providing the transportation improvement.

The "verified statement" to be signed by the grant recipient and a CPA needs to be further defined. A verified statement could mean a financial statement from a business or in the case of the WisDOT program, a statement verifying the jobs created or retain by a company that benefited from a public transportation improvement grant provided the agency. Current practice allows the agency, with permission from the business, to obtain quarterly employment reports directly from the company. This is how the agency tracks the number of jobs created or retain on a continuous basis. The proposed Bill would require the grant recipient or community to obtain this information and have it verified by an independent CPA. WisDOT considers this to be an additional burden on the grant recipient or local community.

Long-Range Fiscal Implications

No long term implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): No cost impacts.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$0	\$0
(FTE Position Changes)	(0.0 FTE)	(0.0 FTE)
State Operations - Other Costs	0	0
Local Assistance	0	0
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$0	\$0
B. State Costs by Source of Funds		
GPR	0	0
FED	0	0
PRO/PRS		
SEG/SEG-S	0	0
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	\$0	\$0
GPR Earned	0	0
FED	0	0
PRO/PRS		
SEG/SEG-S	0	0
TOTAL State Revenues	\$0	\$0
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$0	\$0
NET CHANGE IN REVENUE	\$0	\$0
Agency/Prepared By	Authorized Signature	Date
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