

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-4432/2	Introduction Number SB-672
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Description
 Compliance by employers with certain laws whose enforcement depends on the proper classification of persons as employees or nonemployees and providing penalties

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		5.Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.445(1)(a)	

Agency/Prepared By DWD/ Robert Anderson (608) 266-3345	Authorized Signature Andrew Feldman (608) 266-2284	Date 4/13/2010
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Fiscal Estimate Narratives

DWD 4/13/2010

LRB Number	09-4432/2	Introduction Number	SB-672	Estimate Type	Original
Description Compliance by employers with certain laws whose enforcement depends on the proper classification of persons as employees or nonemployees and providing penalties					

Assumptions Used in Arriving at Fiscal Estimate

Enforcement of this legislation by the department may be handled by the department's Equal Rights Division, Unemployment Compensation Division or the Workers Compensation Division. For purposes of this fiscal note the department is using the Equal Rights Officer - Senior position to estimate enforcement costs. Actual investigations will be performed either by these officers or comparable paid positions within the Unemployment Compensation or Workers Compensation Divisions.

The department anticipates that it will need to conduct 200 investigations per year of potential violations of this bill based either on complaints received or random inspections of construction sites. Based upon similar types of investigations the Equal Rights conducts in labor standards the department estimates each investigation will take about 10 hours to complete including conducting the investigation, issuing correction order where needed and doing follow-up to ensure the employer complied with the correction order or else to issue the stop work order on the construction project.

As previously mentioned these investigations will be performed by an Equal Rights Officer-Senior or equivalent position in the Unemployment Compensation or Workers Compensation Division. The Senior position costs the department \$78,036 per year with fringe benefits and supplies and services. The department anticipates it will one whole position in order to investigate the 200 cases per year generated by this bill.

The department anticipates that approximately 1/4 of the cases will result in stop work orders being issued and that 100% of these orders will be appealed to hearing. These hearings will be held by an administrative law judge and it will take about 15 hours per case to process these hearings and issue determinations. This represents about .36 of a full time position and will cost the department about \$49,890.

The department believes that it will incur one-time costs of \$2,000 to develop literature and to publicize the existence of this legislation to employers who work on construction projects.

Long-Range Fiscal Implications

The department anticipates the first year costs will be on-going for the foreseeable future.

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description Compliance by employers with certain laws whose enforcement depends on the proper classification of persons as employees or nonemployees and providing penalties			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The department will incur one time costs of \$2,000 to develop literature to publicize this legislation and to inform construction contractors of the various provisions of this bill.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$101,770	\$
	(FTE Position Changes)	(1.4 FTE)	
	State Operations - Other Costs	26,050	
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$127,820	\$
B. State Costs by Source of Funds			
	GPR	127,820	
	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	\$127,820	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
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