



## Fiscal Estimate Narratives

DOR 2/5/2014

LRB Number	13-3917/1	Introduction Number	SB-487	Estimate Type	Original
<b>Description</b> A program for installing lighting on tax delinquent properties and properties in foreclosure and charging an additional fee for filing a foreclosure action to be used for lighting installation					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires the board of each county (board) to establish a new program for installing lighting on certain eligible properties located in the county. A property is eligible to have lighting installed if: 1) the property is the subject of a foreclosure action or the county holds a tax certificate for delinquent property taxes; 2) the property has one or more buildings or other improvements; and 3) the board determines that the property is abandoned or blighted. The board must develop criteria for determining whether lighting should be installed on an eligible property. The board may delegate any of its responsibilities under the program to any committee created by the board or any county employee, agency, or department.

The bill provides that the board must contract with an electrician or electrical contractor to install the lighting on the exterior of any improvements on an eligible property, and that the lighting must be powered by solar energy. The bill provides the contractor with immunity from civil and criminal liability related to installing the lighting under the contract.

Funding for the program comes from a \$50 fee that is paid by the plaintiff in each foreclosure action that is commenced in the county. The fee is in addition to the \$75 fee for commencing a foreclosure action.

The latest data (dated May, 2012) provided by the Bureau of Labor Statistics shows that a mean hourly wage for an electrician in Wisconsin is \$25.63. For this fiscal estimate, a contractor who pays the hourly wage to his/her electricians is assumed to earn 50-percent mark-up, and thus \$50 per hour as the average billing rate for electrical work is assumed. Also, one-hour work by an electrician per property is assumed for installing fixtures. Retailers offer outdoor, solar-powered lighting fixtures between \$20 and \$50, and it is likely that a property requires more than one fixture to properly illuminate the premises. As such, it is likely that the costs of fixtures and labor per property would exceed the \$50 fee under the bill, and it is estimated to be approximately \$150 per property.

According to the "Real Estate Transfer Return Data" compiled and published by the Department of Revenue (DOR), in 2013, there were 10,383 properties with improvements in Wisconsin that were: 1) under a foreclosure; 2) under a deed in lieu of a foreclosure to a person holding a mortgage or to a seller under a land contract; or 3) on sale for delinquent taxes or assessments. The actual number of properties eligible for lighting installation will depend on the guidelines developed by the board. Based on information published by Realty Trac, there are approximately 26,000 foreclosed properties. Under the assumption that the number will remain the same throughout the year and lighting fixtures will be installed to all of the properties, the state-wide total cost (material and labor) for 2014 will be approximately \$3.9 million (26,000 x \$150), offset by a \$0.5 million increase in revenue (\$50 x 10,000), if 10,000 properties are subject to foreclosure during the year 2014. Beyond 2014, if the number of properties subject to foreclosure during a given year is assumed to remain at approximately 10,000 in Wisconsin, the state-wide continuing cost is estimated to be \$1.5 million per year (10,000 x \$150) offset by a \$0.5 million increase in revenue (\$50 x 10,000).

Costs to the DOR for creating the program guidelines and notifying the board of the law change can be absorbed within current budgetary resources. The new program may lead to administrative costs for counties.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

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<b>Description</b> A program for installing lighting on tax delinquent properties and properties in foreclosure and charging an additional fee for filing a foreclosure action to be used for lighting installation		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  The state-wide total cost for 2014 will be \$2.4 million more than the estimated on-going annual cost of \$1.5 million. See text.		
<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	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
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	\$	\$See text
NET CHANGE IN REVENUE	\$	\$See text
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
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