

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>15-2773/1</b>	<b>Introduction Number</b> <b>AB-0304</b>
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**Description**  
 Making companies that outsource jobs ineligible for state tax benefits, grants, and loans, providing an exemption from rule-making procedures, and granting rule-making authority

**Fiscal Effect**

**State:**

- No State Fiscal Effect
- Indeterminate
- Increase Existing Appropriations     
  Increase Existing Revenues     
  Increase Costs - May be possible to absorb within agency's budget
- Decrease Existing Appropriations     
  Decrease Existing Revenues     
  Yes       No
- Create New Appropriations       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

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<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	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DWD/ Jean Culbert (608) 266-6898	Georgia Maxwell (608) 266-2284	1/19/2016

## Fiscal Estimate Narratives

DWD 1/19/2016

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### Assumptions Used in Arriving at Fiscal Estimate

This bill would prohibit any person who operates a business in Wisconsin that outsources work to another state or country from receiving any grants, loans or tax benefits from the State of Wisconsin for five years after the year in which the person has outsourced work to another state or country.

This bill also creates the Wisconsin Job Development and Retention Commission to determine when a person has outsourced work to another state or country. The Commission will consist of three members representing employees, three members representing employers, and one member to serve as a non-voting chairperson. The chairperson would be an employee of the Department of Workforce Development. There is no indication in the bill as to how the commission will operate.

The commission may receive complaints alleging that a particular business has outsourced work from Wisconsin to another state or country. Commission staff would respond to each complaint by contacting the complainant and the business named in the complaint to investigate the alleged outsourcing. The staff person will then write a report on the complaint investigation stating its recommended conclusion and reasons as to whether outsourcing has occurred. The report will be issued to the complainant, the business, and the commissioners. The commissioners will give the complainant and the business the opportunity to respond to the report, and will then issue a final decision. A business would have an opportunity to seek judicial review of any adverse decision. When an adverse decision becomes final, the commission would issue a formal notification to the Department of Revenue (which administers ch. 70 and 71, Wis. Stats.) and any other state agencies that issue grants or loans to businesses.

It is estimated the commission would have a staff of four fulltime employees, consisting of two program and planning analysts and two program assistants. A one-time initial set-up cost for each employee is estimated to be \$6,570 for a total of \$26,280.

Estimated annual costs for the four staff would be:

Salary \$ 232,960

Fringe \$ 103,551

Supplies & Services \$ 47,392

Annual meeting costs for the commission are estimated at \$7,000 per year based on meeting 4 times per year with 6 members traveling and possibly requiring overnight lodging and meals.

The commission may be able to contract with the Department of Revenue to review individual companies with adverse decisions for grants, loans or tax benefits. It is anticipated this service would involve a user fee charge by the Department of Revenue.

The tracking and monitoring of companies may require the development of a database at an estimated cost of \$340,000 for the initial database to interface with current grants, loans, and tax exemption systems, and \$70,000 annually for maintenance.

An additional cost would be incurred if funds could not be re-cooped through the Dept. of Revenue and a private firm is contracted with for collection purposes. The estimated cost could be \$350,000 annually.

The costs for operation of the commission can not be paid with federal funds received through the Unemployment Insurance Program or the Workforce Investment and Assistance Program.

## **Long-Range Fiscal Implications**

Future costs that may arise would be an increase in user fee charges from the Department of Revenue based on the growth of the program. Also, as the commission investigates complaints on outsourcing and an employers receive adverse decisions stating their company is outsourcing jobs, each employer will have the opportunity to seek judicial review. The Department of Workforce Development may need to increase the GPR budget request to cover charges by the Department of Justice for defending the adverse decisions.

## Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  It is estimated there would be a one time initial start up cost of \$26,280 for the 4.0 FTE.	
<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	\$336,511
(FTE Position Changes)	(4.0 FTE)
State Operations - Other Costs	52,392
Local Assistance	0
Aids to Individuals or Organizations	0
<b>TOTAL State Costs by Category</b>	<b>\$388,903</b>
<b>B. State Costs by Source of Funds</b>	
GPR	388,903
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>NET ANNUALIZED FISCAL IMPACT</b>	
	<u>State</u>
	<u>Local</u>
NET CHANGE IN COSTS	\$388,903
NET CHANGE IN REVENUE	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>
DWD/ Jean Culbert (608) 266-6898	Georgia Maxwell (608) 266-2284
	<b>Date</b>
	1/19/2016