

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-2251/1	Introduction Number AB-0421
-----------------------------	------------------------------------

Description
 outdoor advertising signs, granting rule-making authority, and making an appropriation

Fiscal Effect

State:

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

Local:

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

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 checked="" type="checkbox"/> SEGS	

Agency/Prepared By DOT/ Sarah Simonson (608) 267-6978	Authorized Signature Joan Meier (608) 267-6978	Date 1/17/2020
---	--	--------------------------

Fiscal Estimate Narratives

DOT 1/17/2020

LRB Number	19-2251/1	Introduction Number	AB-0421	Estimate Type	Original
Description outdoor advertising signs, granting rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

While there are anticipated up-front costs to make initial changes required by the legislation, the department believes the long-term effect of raising sign fees to cover the operating costs of the program makes this bill budget-neutral.

Fiscal impact considerations:

There are over 10,000 total permitted outdoor advertising signs in Wisconsin located along approximately 23,000 total miles (this is double the approximate 11,500 center-lane miles to account for signs located on both sides of the road) of the highway system. Of these signs, approximately 6,200 are required to pay an annual sign fee. Wisconsin currently charges \$35 per year for conforming signs and \$50 per year for non-conforming signs.

Staffing needs – Eliminating the outdoor advertising vegetation removal permit will significantly increase workload for landscape architects. Without the outdoor advertising vegetation removal permit, vegetation removal requests must be processed under the department's vegetation alteration policy, which is administered by only two landscape architects who serve the entire state. On-site inspections are required to assess the vegetation, which would require significant travel time for locations outside of Madison where the landscape architects are based. Based on historic requests received for both the outdoor advertising vegetation permit and vegetation alteration policy, the department anticipates needing at least one additional landscape architect full-time employee (FTE) to manage the vegetation alteration policy (\$33/hour plus \$15/hour in fringe benefits = \$48/hour x 2,080 hours).

The bill also requires the program to conduct a biennial survey of each sign, which must be done on-site. On-site inspections require staff to travel, inspect and document each of the 10,000 permitted signs in the state. The department anticipates needing at least three additional FTE staff to manage the survey. The department estimates it takes 0.624 hours to travel to, inspect and document each sign, for a total of 6,240 hours, or 3 FTE. The department did not consider on-property signs for the purposes of this analysis because permits are not currently issued for on-property signs.

Gained Revenue – Section 34 of the proposal requires the department to increase annual fees to cover approximate program costs. In 2018, the \$35 and \$50 annual sign fees brought in just over \$267,000, which is less than a quarter of the cost to staff the current program. The fees have not been changed in decades. The department anticipates the program would break even by raising the fee to \$150, which includes the increased staffing needs described above, as well as historical annual fee activity. Annual fees are deposited into the transportation fund.

Lost Revenue – The elimination of the outdoor advertising vegetation permit would reduce department revenue by roughly \$150,000 annually. In 2017, the department collected 31 vegetation removal applications fees, valued at \$7,750 (31x\$250) and received \$105,850 in tree reimbursements (approximately \$205 per cut tree, subject to adjustment each fiscal year). In 2018, the numbers were \$7,000 (28x\$250) and \$153,769.45, respectively. The application fees are deposited into the transportation fund and the tree fees are credited to highway system management and operations.

Data Entry – In the first year implementing the biennial survey, there will be heavy data entry needs. The department assumes data entry for 10,000 signs would take approximately .30 hours per sign, requiring 3,000 hours total data entry time. Limited Term Employees (LTE) doing this task would typically earn \$18 an hour. Three LTEs working 1,000 hours each would result in a total one-time data entry cost of \$54,000.

New Rules – The proposal requires the department to promulgate rules concerning illumination and permit fees. The department estimates 200 staff hours averaging \$40 an hour, or roughly \$8,000 in overhead cost.

Long-Range Fiscal Implications

The department's ability to set permit fees to recover the costs of administering the program should ensure the program remains fully funded, regardless of changing costs, including variables such as technology, consultant resources and attorney costs for the program.

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-2251/1	Introduction Number AB-0421	
Description outdoor advertising signs, granting rule-making 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):		
We anticipate a one-time cost of \$74,880 to hire LTEs to process data in the initial year implementing the biennial survey. LTEs in this field typically earn \$18 an hour. Three LTEs for 1,040 hours each totals \$74,880. Additionally, there are rule-making process costs estimated to be \$8,000 in overhead (200 hours at \$40/hour). NOTE: The annual revenue projection below is a calculation to break even with the cost of running the program, and includes current FTE staff as well as additional staff needed for operation. Historically, the program has operated at a deficit.		
II. Annualized Costs:		Annualized Fiscal Impact on funds from:
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$350,000	\$
(FTE Position Changes)	(4.0 FTE)	
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$350,000	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	350,000	
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		-8,500
FED		
PRO/PRS		
SEG/SEG-S	935,000	-150,000
TOTAL State Revenues	\$935,000	-\$158,500
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$350,000	\$
NET CHANGE IN REVENUE	\$776,500	\$

Agency/Prepared By	Authorized Signature	Date
DOT/ Sarah Simonson (608) 267-6978	Joan Meier (608) 267-6978	1/17/2020