

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-0504/1	Introduction Number AB-0059
Description providing victim compensation for damage to a building by means of fire or explosives	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input 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"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <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 <div style="float: right; margin-top: 10px;"> 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 </div>	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.455 (5)(b) and (5)(hh)	
Agency/Prepared By DOJ/ Michelle Gauger (608) 267-6714	Authorized Signature Christopher J McKinny (608) 264-6367
Date 3/27/2023	

Fiscal Estimate Narratives

DOJ 3/27/2023

LRB Number	23-0504/1	Introduction Number	AB-0059	Estimate Type	Original
Description providing victim compensation for damage to a building by means of fire or explosives					

Assumptions Used in Arriving at Fiscal Estimate

The Wisconsin Crime Victim Compensation (CVC) Program reimburses victims of specified serious crimes and family members of deceased victims for the cost of lost wages, medical and mental health treatment, crime scene cleanup, replacement of certain personal property held as evidence, attorneys fees, necessary housing adaptations, and funeral and burial expenses. Victims who are caregivers may be compensated for costs related to substitute caregiving services. Some of these items are subject to individual payment limits within an overall award limit of \$40,000 per injury or death. The amount of the CVC award is reduced by deductions for reimbursement of eligible costs from other sources including insurance, worker's compensation, unemployment insurance, other public funds, or from restitution paid by offenders.

This bill adds intentional damage to a building by explosions or fire as a compensable expense under the CVC program. Consistent with current policies, the amount of the award is the cost of repairs or fair market value less insurance reimbursement up to \$40,000 per claim.

During state fiscal years (FY) 2021 and 2022, a total of 4,220 CVC claims were filed. CVC claim payments totaled \$3,902,100 in FY21 and \$3,995,300 in FY22 with the average amount paid per claim of \$4,092 in FY22.

Crime data collected from law enforcement agencies show an annual average of 460 reports of arson resulting in some amount of damage between 2017 through 2022. Excluding vehicles and other property, reported arsons of buildings and structures averaged 145 reports per year over the same period. The values of property damaged by arson ranged from under \$100 to \$5 million over the period. Information is not available to identify how much of this property damage was not reimbursed by insurance, restitution or other sources.

If all of the reported arsons of buildings and structures resulted in an approved CVC claim at the maximum amount of \$40,000, costs for CVC reimbursement would increase by \$5.8 million per year which is almost 150% increase in annual payments. The Office of Crime Victim Services will also require 1.0 full-time equivalent position to process the additional claims to avoid delays in claims approvals and payments for all crime victims.

Funding for CVC payments comes from an annual GPR appropriation, PR from crime victim restitution revenues and an ongoing federal Victims of Crime Act (VOCA) grant. Once these funding sources are exhausted, there are no additional funding sources with which to pay claims. The additional coverage of property damage due to arson is not an eligible expense under the federal grant which means the additional costs would have to be funded by state appropriations. The GPR appropriation is budgeted at \$2,388,100 per year and restitution revenues to the Crime Victim Restitution appropriation averaged \$850,000 per year in FY21 and FY22. Due to increases in the availability of federal grant awards in recent years, the department has accrued a balance in the Crime Victim Restitution appropriation to ensure that payments to victims are not delayed based on reductions in the federal formula grant or unanticipated increases in claims.

Long-Range Fiscal Implications

The current program revenue balance in the Crime Victim Restitution appropriation is not sufficient to

permanently fund the estimated increase in CVC payments resulting from including unreimbursed property damage from arsons as an allowable cost. Once the program revenue balance is exhausted, the GPR appropriation will need to be increased by at least \$5 million annually assuming no changes in the amount of the federal formula grant.

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 23-0504/1	Introduction Number AB-0059	
Description providing victim compensation for damage to a building by means of fire or explosives		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$102,000	\$
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs	5,000	
Local Assistance		
Aids to Individuals or Organizations	5,000,000	
TOTAL State Costs by Category	\$5,107,000	\$
B. State Costs by Source of Funds		
GPR	5,107,000	
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		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$5,107,000	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By Authorized Signature Date		
DOJ/ Michelle Gauger (608) 267-6714	Christopher J McKinny (608) 264-6367	3/27/2023