

Fiscal Estimate Narratives

DOA 1/12/2024

LRB Number	23-5447/1	Introduction Number	AB-0915	Estimate Type	Original
Description fees for recording and filing instruments with the registers of deeds; the portion of such fees used for the land information program; and the minimum state grant amounts under the program					

Assumptions Used in Arriving at Fiscal Estimate

2023 Assembly Bill 915 (AB-915) would make several changes to the Wisconsin Land Information Program (WLIP) regarding its revenue structure and granting capacity. This program is located organizationally under the Division of Intergovernmental Relations (DIR) of the Department of Administration (Department).

Under current law, when recording certain instruments that are entitled to be recorded in the county's office of the register of deeds, a \$30 filing fee is collected by the county. Fifteen dollars (\$15) of this fee is then required to be transmitted to the Department unless that county meets certain qualifications related to land information practices under s. 59.72 (5) (b), Wis. Stats, in which case it may retain an additional \$8 of that \$15 (\$7 of which would then be transmitted to the Department). The Department therefore receives, under current law, \$7 or \$15 for each instrument recording fee collected. Currently, all 72 counties are in compliance with the requirements to retain the additional fee revenue, and therefore the same is assumed for this analysis.

The proposed legislation would increase the total filing fee to \$45, the amount to be transmitted to the Department to \$30, and the additional amount that may be retained by the county if the conditions are met to \$15, thereby increasing the amount to which the Department is entitled to \$15 or \$30 per fee collected.

The bill would also increase the minimum amount of base budget grants to counties under s. 16.697 (7) (am), Wis. Stats., to enable county land information offices to develop, maintain, and operate a basic land information system. Under current law, the minimum amount is determined by subtracting the amount of fees the county retained in the prior fiscal year from \$100,000; the bill would increase this base figure to \$175,000. Additionally, the minimum amount of grants under s. 16.697 (7) (b), Wis. Stats., to be used for training and education of county employees for the design, development, and implementation of land information systems would be increased from \$1,000 to \$5,000.

Lastly, under current law, if the Department were to determine that a county violated s. 59.72, it may suspend grant eligibility and may limit the county's ability to retain a portion of the fee down to \$6 per fee collected until it is determined that the violation has been resolved. The proposed legislation would increase this limited amount to \$10 per fee.

Fees transmitted to the state under this program are deposited in the nonlapsible, segregated (SEG) Land Information Fund established under s. 25.55, Wis. Stats. This fund is administered under two statutory appropriations, s. 20.505 (1) (ub), Wis. Stats. (numeric 166), Land information program, state operations; reviews of municipal incorporations and annexations; planning grants, an annual executive appropriation which is utilized for the administration primarily of WLIP, and s. 20.505 (1) (uc), Wis. Stats. (numeric 173), Land information program; local aids, a continuing appropriation for assistance payments made under the same.

The provisions of the bill would generate both an increase in fee revenue for the fund as well as an increase in expenditures in the form of assistance payments. Assuming the amount of instruments recorded in any given year were to be static, the changes proposed are estimated to represent an increase by approximately 114% in revenue where the additional fee amount is retained by the county.

Given a five-year average (program year 2019 through 2023) of recorded fees, the Department estimates revenue will increase by approximately \$8.29 million SEG as a result of the changes proposed in the bill. When compared to average awards over the same five-year period, the Department approximates that an additional \$8.29 million SEG in assistance payments may potentially be awarded when fulfilling the new award minimums and including assumptions for likely fee retention amounts per county, an amount roughly equal to new revenues. Due to the shift in proportion, however, between fees able to be retained by counties and the minimum award amount calculation, the total minimum base budget award amount would proportionately decrease (while increasing slightly in gross), whereas available funds for the Strategic Initiatives Grant Program would undergo a significant proportional increase.

DIR's Strategic Initiatives Grant Program is governed under Chapter Adm 47, funding from which is allocated to counties equally from the remaining fee revenue generated by the state after the base budget, training and education grants, and annual executive administration amount for numeric 166, are allocated. The purpose of this grant is for expediting and fostering statewide and regional strategic initiatives consistent with specific statutory requirements and standards adopted by the Department.

Across these three grant programs, the Department estimates a total amount of \$3,901,400 in base budget award amounts (compared to the five-year average of \$2,392,700 under current law), total awards of \$360,000 for training and education (compared to \$72,000 minimum under current law), and \$10,483,200 in Strategic Initiative Grants, or \$145,600 per county (compared to five-year average of \$3,988,800 or \$55,400 per county under current law). This, as mentioned, is a dramatic proportional and gross increase from previous years for the Strategic Initiatives Grant Program due to the new funding that would be made available. It is unclear at this time how such a substantial increase would be implemented, and it is anticipated that the Department would need to develop program guidelines to further accommodate the new proportion of funds available for the Strategic Initiatives Grant Program.

The Department does not anticipate any increase to administrative expenditures under numeric 166 for WLIP under the proposed provisions. As mentioned above, there would be increased expenditures under numeric 173 due to the revised minimum award amounts and increased revenues; however, these changes would not generate administrative workload unable to be absorbed under current position and expenditure authority. As mentioned above, it is anticipated that the increased revenues under the proposed legislation would be approximately equal to net new expenditures with the provisions of the bill, and so it is anticipated, based upon current program assumptions, to have a negligible impact to the land information fund balance overall.

It is anticipated that the provisions of the bill would result in an increase in fee revenue for counties where the land information qualifications under s. 59.72 (5) (b) are met, as the amount that may be collected by the county in those cases would increase from \$23 to \$30 per fee collected (including the increase of \$8 to \$15 of the Department entitlement retained). Where those requirements are not met and the county must transmit the full amount to which the state is entitled, the net fee revenue for the county would remain \$15 per record. Due to the increased retention amount allowed, the Department estimates that counties would be able to retain approximately \$7.26 million in additional fee revenue from recording fees. Additionally, with the minimum grant amount increasing, county revenue available for both development of land information offices, education and training, and activities under the Strategic Initiative Grant Program would increase, though the impact on county expenditures would depend on its capacity to undertake projects supported by WLIP, and this is therefore indeterminate.

Given the additional revenue and increased awards under WLIP, counties could potentially accelerate their land information efforts. County land information plans list "shovel-ready" projects waiting to be implemented, including projects to create accurate parcel maps and associated real estate records, as well as for emergency response mapping, acquisition of aerial imagery and lidar (topographic mapping), land use mapping, and more. This would not only benefit the local units of government, but also state agencies and private business utilizing the data, which is made publicly available online.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-5447/1	Introduction Number AB-0915	
Description fees for recording and filing instruments with the registers of deeds; the portion of such fees used for the land information program; and the minimum state grant amounts under the program		
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	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance	8,290,000	
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$8,290,000	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S (Land Information)	8,290,000	
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		
FED		
PRO/PRS		
SEG/SEG-S (Land-Information)	8,290,000	
TOTAL State Revenues	\$8,290,000	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$8,290,000	\$
NET CHANGE IN REVENUE	\$8,290,000	\$7,260,000
Agency/Prepared By		
Authorized Signature		Date
DOA/ Robert Albrecht (608) 264-6343		Robin Malicki (608) 264-9576
		1/12/2024