

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-1077/2	Introduction Number SB-0052
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Description
 creating a deicer applicators certification program and making an appropriation

Fiscal Effect

State:

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

Local:

- No Local Government Costs
 - Indeterminate
 - 1. Increase Costs Permissive Mandatory
 - 2. Decrease Costs Permissive Mandatory
 - 3. Increase Revenue Permissive Mandatory
 - 4. Decrease Revenue Permissive Mandatory
- 5. Types of Local Government Units Affected**
- Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG SEGS

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOA 6/20/2023

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Assumptions Used in Arriving at Fiscal Estimate

Senate Bill 52 (SB-52) requires the Wisconsin Department of Agriculture, Trade, and Consumer Protection (DATCP) to create a deicer applicators certification program and establish criteria for training individual commercial applicators in snow and ice removal methods that protect water quality. Additionally, it requires DATCP to certify commercial applicators who have completed deicer training and exams and provides that certified applicators are not liable for certain damages resulting from the accumulation of snow and ice under specified circumstances.

The U.S. Department of the Treasury (Treasury) issued a Final Rule (FR) to implement the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) under section 602 of the Social Security Act, as amended by the federal American Rescue Plan Act of 2021 (ARPA). The State's Recovery Fund amount under the program is \$2,533,160,626.50, and the Department of Administration (Department) is responsible for its administration.

Under ARPA, states are prohibited from utilizing funds under the SLFRF program to either directly or indirectly fund tax reductions (the "tax offset" provision). To enforce the tax offset provision of ARPA, Treasury promulgated a rule that specified the circumstances that would constitute a breach of the statutory prohibition against utilizing SLFRF distributions to fund tax reductions and therefore require repayment of SLFRF funds distributed by the federal government up to the violation amount. The rule created several concepts that govern the analysis of whether a tax reduction would be a violation that would trigger repayment.

The first of these is a concept of "baseline tax revenue" that is defined as Fiscal Year 2018-19 tax revenue, as specified by the U.S. Census Bureau definition of state tax revenue, adjusted in each subsequent fiscal year by the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States. The Census Bureau definition of state tax revenue includes a variety of taxes and fees that are not included in Wisconsin's definition of general fund tax revenue and is therefore meaningfully more expansive. Among other revenue sources included in this definition are motor fuel taxes, motor vehicle registration and title fees, the economic development surcharge, a variety of professional licensing fees and natural resource fees.

The second of these is a concept of a "covered change," involving reductions in net taxes that result from a reduction in rates, a rebate, deduction, a credit or otherwise enacted after March 3, 2021, that exceed a de minimis threshold of 1 percent of baseline tax revenue.

If a state reports actual revenues that are below the reported baseline tax revenues for a fiscal year, two tests are conducted to determine whether a state must repay SLFRF distributions to the federal government due to a breach of the tax offset provision. The first test is whether there are "covered changes". Since the State of Wisconsin has already enacted more than \$1 billion annually in covered tax changes from tax reductions since March 3, 2021, this condition would be satisfied. If there are covered changes, the second test is whether the state has (1) sufficient organic revenue growth above the baseline or (2) offsetting revenue increases and spending reductions to fund the covered tax changes.

The Department is responsible for regular reporting to Treasury related to compliance with these provisions.

The organic revenue growth in excess of the inflation-adjusted baseline tax revenues for the current fiscal year and the following two fiscal years are as follows under current estimates of tax revenues and fees subject to the Census Bureau definition of taxes as well as current economic assumptions:

Fiscal Year 2022-23: \$585.1 million
Fiscal Year 2023-24: \$256.0 million
Fiscal Year 2024-25: \$458.0 million

These figures were updated based on Legislative Fiscal Bureau re-estimates published May 2023; estimates used herein to determine fiscal impact are subject to revision, and as updated revenue forecasts and economic data are published and made available to the Department.

DATCP estimates that the bill's provisions would not have an impact on state revenue or fee collections. Therefore, SB-52 has no anticipated SLFRF-related impact on the Department.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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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		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
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	\$	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
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