



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #652

### Credential Fees for Athlete Agents (R&L)

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#### CURRENT LAW

A person wishing to be registered as an athlete agent in the state must submit certain required information to the Department of Regulation and Licensing (R&L), employ contracts with certain standard features, agree to refrain from certain proscribed business practices, and pay an initial registration or renewal registration fee. No person may engage in conduct designed to induce a student athlete in Wisconsin to sign a professional sports services contract or an endorsement contract without being registered as an athlete agent. Athlete agents were first regulated in this state under provisions of 2003 Wisconsin Act 150.

The Department currently regulates 97 different professions and types of businesses. R&L is required to establish initial and biennial renewal fees in amounts sufficient to recover the costs related to the regulation of each profession or occupation. Initial fees are set at a level to recoup the shared administrative costs attributable to new credential holders, such as the costs of processing applications and determining eligibility. The initial fee is prescribed by statute and is \$53 for virtually all of the regulated professions. Renewal fees include the basic shared costs of administration of renewal process. Renewal fees are also prescribed by statute and include a basic \$53 amount for most professions, plus a variable portion related to the costs of enforcement, if any, for each profession's credential. This variable portion currently adds from \$0 to \$290 to the biennial cost of a credential for a profession. Ten percent of the agency's credential fee revenue is credited to the general fund.

Initial and renewal fees for athlete agents registered in Wisconsin are established by rule rather than by statute.

Provisions of Act 150 directed R&L to include as part of its 2005-07 biennial budget request the statutory changes required to establish athlete agents' initial and renewal credential fees by statute rather than by administrative rule.

## **GOVERNOR**

No provision.

## **DISCUSSION POINTS**

1. Athlete agents are the only profession credentialed by R&L with initial and renewal fees set by administrative rule rather than by statute. The Department began registering athlete agents in October of 2004, applying an initial registration fee established by emergency rule. Currently, there are five registered athlete agents and the Department is now projecting the registration of 27 such individual during the biennium.

2. Under the agency's methodology, the costs for athlete agent forms and applications, revising computer programs, providing services to an advisory committee, promulgating the required emergency rules, and providing a transfer of 10% of the fees amounts collected to the general fund amounted to approximately \$31,200. Based on an assumption of 100 applications for registration as an athlete agent during the current biennium, the agency's emergency rule established an initial registration fee \$312. No renewal fee has yet been promulgated by rule.

3. The \$312 initial registration fee established by rule contrasts with the current \$53 statutory initial registration fee for virtually all credentialed professions regulated by the Department.

4. Under the Department's methodology used to develop the athlete agent fee by rule, the fee was established by dividing the estimated increased costs of regulation of the profession (\$31,200) by the projected number of registrants (100). Thus, a small number of projected registrants would be required to support the entire amount of the incremental costs incurred by the agency to regulate the profession.

5. If the athlete agent fee had been calculated in a manner consistent with that used to develop the statutory initial fees for all of the other regulated professions, these incremental costs would have been spread over the shared administrative costs for all of the expected first-time credential holders in all of the regulated professions. The incremental costs of registering athlete agents for the first time, if apportioned in this manner, would have added less than 10 cents to the costs of the agency's current statutory initial credential fee.

6. The Committee could conclude that it would be more equitable for athlete agents to pay the currently established statutory initial credential amount of \$53, rather than the \$312 currently provided by rule. The Committee could also act to establish in statute the current basic renewal fee rate of \$53 for athlete agents. These changes would first apply to registrations occurring on the later of September 1, 2006, or the first day of the second month beginning after publication. As noted above, statutory initial and renewal credential rates were to have been proposed by the Department under provisions of Act 150.

7. The agency's credential fee revenue projections for the 2005-07 fiscal biennium do not include revenue estimates for athlete agent initial or renewal registrations. Given the likely size of the athlete agent registrant pool, the creation of a \$53 initial or renewal fee would have a negligible impact on agency and general fund revenues.

8. Alternatively, the Committee could take no action. Under current law, the Department would continue to set fees for athlete agents by administrative rule. Under this alternative, however, the Committee may also wish to repeal the Act 150 provision that directed R&L to include as part of its 2005-07 biennial budget request the statutory changes required to establish athlete agents' initial and renewal credential fees by statute rather than by administrative rule.

## **ALTERNATIVES**

1. Repeal the Department's authority to establish athlete agent initial and renewal fees by administrative rule, provide that the current statutory \$53 initial fee would apply to athlete agent registrations, and establish a statutory \$53 renewal fee for athlete agents, first effective on the later of September 1, 2006, or the first day of the second month beginning after publication.

2. Repeal the nonstatutory provision under 2003 Wisconsin Act 150 that directed the Department to include as part of its 2005-07 biennial budget request the statutory changes required to establish athlete agents' initial and renewal credential fees by statute rather than by administrative rule.

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