

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-4202/3	Introduction Number SB-566	
Description adopting revisions to the state's uniform limited partnership law and the state's limited liability company law; making modifications to the state's uniform partnership law; procedures applicable to business corporations and nonstock corporations; certificates of authority of service insurance corporations; providing an exemption from emergency rule procedures; granting rule-making authority; and providing a penalty		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input 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"/> 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 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.144(1)(g)		
Agency/Prepared By DFI/ Kortney Anderson (608) 261-9559	Authorized Signature Kortney Anderson (608) 261-9559	Date 9/23/2021

Fiscal Estimate Narratives

DFI 9/23/2021

LRB Number	21-4202/3	Introduction Number	SB-566	Estimate Type	Original
Description adopting revisions to the state's uniform limited partnership law and the state's limited liability company law; making modifications to the state's uniform partnership law; procedures applicable to business corporations and nonstock corporations; certificates of authority of service insurance corporations; providing an exemption from emergency rule procedures; granting rule-making authority; and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

Senate Bill 566 updates Wisconsin law governing partnerships (Chapter 178 of the Wisconsin Statutes), limited partnerships (Chapter 179), business corporations (Chapter 180), nonstock corporations (Chapter 181), and limited liability companies (Chapter 183) that do business in Wisconsin. The Department of Financial Institutions serves as the filing office for several types of records that those entities are required to file with the state.

If passed, the bill would both save costs and increase state revenues, as follows:

1. The bill authorizes paperless administration, enabling a long-term reduction in postage costs. While entities can (and generally do) communicate and file their records with the Department electronically, current law still requires the Department to send various notices to those entities by physical mail. Annually, the Department spends approximately \$133,146 to print and mail those required notices. If enacted, SB 566 would authorize the Department to send those notices electronically, eventually eliminating those printing and mailing costs.

To realize those long-term savings from the bill, the Department would need to incur some short-term IT system costs to convert to an electronic notification system. The Department's IT staff estimates those one-time costs as \$371,908.55, or approximately three years' worth of postage costs. Thus, the estimated \$133,146 in annual postage and print savings would not be realized until the fourth year following the bill's implementation.

2. The bill increases fees for certain entity filings. While the bill retains current fee levels for most entity and document types, Section 491 of the bill creates a new fee schedule for nonstock corporations that includes some fee increases. If enacted, the Department estimates that these increased fees would result in \$498,215 in additional revenue annually, less an estimated one-time IT cost of \$43,233 to update the Department's systems to reflect the new required fees.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 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): \$415,141.55		
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 (20.144(1)(g))	498,215	
SEG/SEG-S		
TOTAL State Revenues	\$498,215	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$498,215	\$
Agency/Prepared By	Authorized Signature	Date
DFI/ Kortney Anderson (608) 261-9559	Kortney Anderson (608) 261-9559	9/23/2021