



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #218

Weights and Measures Funding (DATCP -- Trade and Consumer Protection)

[LFB 1999-01 Budget Summary: Page 101, #6]

CURRENT LAW

DATCP's Bureau of Consumer Protection administers a weights and measures program that enforces state laws designed to ensure the accuracy of measuring devices and quantity declarations used in commercial transactions. The program protects consumers and businesses from misrepresentations and fraudulent practices through regular inspections of metering devices and measured commodities. As part of this general authority, the Department periodically inspects the accuracy of items such as retail gas pumps, grocery scales, vehicle scales and liquid petroleum gas meters. Municipalities (not including towns) with populations over 5,000, according to the most recent estimates made by the Department of Administration, are required to enforce weights and measures provisions, unless they contract with DATCP for weights and measures enforcement, at the Department's discretion. DATCP may charge municipalities a fee to recover inspection costs if DATCP provides the weights and measures enforcement.

GOVERNOR

Transfer 3.0 weights and measures inspector positions and \$190,900 annually from PR to petroleum inspection fund SEG.

DISCUSSION POINTS

1. In 1999-00, weights and measures program expenditures were \$1,231,400. Funding was received from fees paid by users (50%), the petroleum inspection fund (32%) and GPR (18%). The Department has 20.25 staff dedicated to this program including 13 regional weights and measures inspectors. In addition, the Consumer Protection Bureau has a weights and measures supervisor and 6.25 staff in its regulation and safety section who assist weights and measures inspectors in carrying out the Department's responsibilities under Chapter 98 of the statutes. These

staff are primarily responsible for rulemaking, educational, training and technical support to the Department's weights and measures staff as well as to municipalities and other governmental agencies and private sector service organizations conducting weights and measures regulatory work. In addition, the unit is responsible for maintaining and staffing the state's metrology lab (a lab that deals with the calibration of scales and other measuring devices).

2. Fees collected for weights and measures activities totaled \$720,700 in 1999-00, of which the Department spent \$618,300. Approximately 43% of weights and measures program revenues collected are paid by municipalities under contract with DATCP to provide services. Fees paid by municipalities are based on the types of businesses in the municipality, historical inspection times and the number of meters located in the municipality. Municipalities that contract with DATCP pay for some of the service and generally receive annual inspections through the Department. Municipalities with populations under 5,000 are not required to pay for Department weights and measures services or to test their own meters. DATCP estimates that it tests meters in nonmunicipal locations once every three to five years. Thus, as the number of municipalities with populations over 5,000 rises, the Department workload is likely to increase as meters in newly contracted municipalities are inspected more frequently.

3. Other major fees are paid by vehicle scale operators (16.4%), grocery stores (12.2%), those using the state measurement center laboratory (8.2%), feed dealers (7.8%) and weights and measures servicing companies (4.8%). Under the bill, the weights and measures inspection appropriation account would have an estimated balance of \$509,000 PR as of June 30, 2003, based on expenditure authority under the bill, and revenues would be \$62,400 higher than expenditure authority on an annual basis. If funding of \$190,900 PR each year were not transferred to the petroleum inspection fund, the account would have an estimated \$127,200 balance at the end of the biennium. However, annual expenditures would exceed annual revenues. Table 1 outlines the fund condition of the weights and measures PR account under the bill and current law.

TABLE 1

Estimated Weights and Measures PR Account Balance

	<u>Bill</u>		<u>Current Law</u>	
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
Opening Balance	\$384,200	\$446,600	\$384,200	\$255,700
Revenue	701,400	701,400	701,400	701,400
Expenditures	639,000	639,000	829,900	829,900
Closing Balance	446,600	509,000	255,700	127,200

Petroleum Inspection Fund

4. The weights and measures program estimates spending 42% of its inspection time

on petroleum-related inspections in 1999-00. These include inspections of gas pumps, liquid petroleum gas meters, meters at petroleum loading sites and tanker truck meters. DATCP inspected 29,183 gas pumps in 1999-00. The bill would provide 37.5% of all revenue (\$573,600 annually) from the petroleum inspection fund.

5. The petroleum inspection fund receives revenues from a 3¢ per gallon fee on all petroleum products entering the state. The weights and measures program receives base funding of \$385,100 and four positions annually from the petroleum inspection fund. Of the total appropriations from the fund, approximately 95% is used for petroleum inspections, awards and administration of the petroleum environmental cleanup fund award (PECFA) program, which reimburses owners for a portion of the costs of cleaning up discharges of petroleum products from petroleum storage tank systems. As of April 1, 2001, the Department of Commerce had PECFA award applications totaling \$24.1 million that had not been paid. Further, Commerce has also issued \$250 million of \$270 million in revenue obligations authorized in 1999 Act 9 for payment of PECFA claims and is paying debt service on those amounts. It will issue the remaining \$20 million in bonds this summer, and the bill would provide \$100 million in additional bonding authority. Some may argue that petroleum inspection fund revenues should be used for PECFA or PECFA bond debt service instead of non-PECFA appropriations.

6. It could be argued that since municipalities are already assessed fees based on the number of meters in the municipality (including gas pumps and other petroleum-related meters), providing additional revenues from the petroleum inspection fund for all petroleum-related inspections would be overcharging for those devices located in contracting municipalities. The Department estimates half of field staff time is spent on contract areas. However, contract areas only pay about half of the total cost of all inspections, since those municipalities are not assessed full amounts for travel, paperwork, vacation, meeting and similar administrative costs. Although DATCP only charges municipalities about half the cost of inspections, the Department is authorized to set fees to cover actual costs incurred.

7. If contract areas are assessed for approximately one-half the total cost of petroleum-related inspections, then the Department could recover the other half of petroleum-related inspection costs from the petroleum inspection fund without charging twice for the inspection. Funding all petroleum inspections in non-contract areas and one-half of the inspections in contract areas would require \$481,600 annually from the petroleum inspection fund. To accomplish this, the Committee could transfer 2.0 positions and \$98,900 annually from PR to petroleum inspection fund SEG rather than the 3.0 positions and \$190,900 under the bill. This alternative would be fully supported by available program revenues in 2001-03 and the weights and measures inspection account would have an estimated balance of \$320,000 as of June 30, 2003. However, revenues to the account would be \$30,000 lower than expenditure authority on an annual basis.

8. Further, since some would argue that contract areas should pay the full cost of DATCP inspections, rather than half the costs, the Committee could choose to provide funding from the petroleum inspection fund to cover only the cost of petroleum inspections in non-contract areas. This would require \$321,100 annually from the petroleum inspection fund, while adjusted base

funding is \$382,700 SEG annually. Choosing this alternative would transfer 1.0 position and \$61,600 annually from petroleum inspection fund SEG to PR (rather than transferring three positions from PR to SEG under the bill). While this alternative would be fully supported by available program revenues in 2001-03 (due to an opening balance of \$384,000), expenditures would significantly exceed revenues on an ongoing basis. Therefore DATCP would have to raise fees charged to municipalities in 2003-05 to reflect the actual costs of the program. Table 2 outlines the account condition of the weights and measures PR account under each of these alternatives.

TABLE 2

Estimated Weights and Measures PR Account Balance

	Alternative #2		Alternative #3	
	1/2 Contracts from SEG		No Contracts from SEG	
	<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
Opening balance	\$384,200	\$354,600	\$384,200	\$194,100
Revenue	701,400	701,400	701,400	701,400
Expenditure	731,000	731,000	891,500	891,500
Closing Balance	354,600	325,000	194,100	4,000

ALTERNATIVES TO BASE

1. Approve the Governor’s recommendation to transfer 3.0 weights and measures inspector positions and \$190,900 annually from PR to petroleum inspection fund SEG.

<u>Alternative 1</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Base)	- \$381,800	\$381,800	\$0
<i>[Change to Bill]</i>	\$0	\$0	\$0]
2000-01 POSITIONS (Change to Base)	- 3.00	3.00	0.00
<i>[Change to Bill]</i>	0.00	0.00	0.00]

2. Transfer 2.0 positions and \$98,900 annually from PR to petroleum inspection fund SEG (to fund all non-contract and half of municipal contract inspection costs related to petroleum from SEG).

<u>Alternative 2</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Base)	- \$197,800	\$197,800	\$0
<i>[Change to Bill]</i>	\$184,000	- \$184,000	\$0]
2000-01 POSITIONS (Change to Base)	- 2.00	2.00	0.00
<i>[Change to Bill]</i>	1.00	- 1.00	0.00]

3. Transfer 1.0 position and \$61,600 annually from petroleum inspection fund SEG to PR (to fund all non-contract, but no municipal contract inspection costs related to petroleum from SEG).

Alternative 3	PR	SEG	TOTAL
1999-01 FUNDING (Change to Base)	\$123,200	- \$123,200	\$0
<i>[Change to Bill]</i>	<i>\$505,000</i>	<i>- \$505,000</i>	<i>\$0]</i>
2000-01 POSITIONS (Change to Base)	1.00	- 1.00	0.00
<i>[Change to Bill]</i>	<i>4.00</i>	<i>- 4.00</i>	<i>0.00]</i>

4. Maintain current law.

Alternative 4	PR	SEG	TOTAL
1999-01 FUNDING (Change to Base)	\$0	\$0	\$0
<i>[Change to Bill]</i>	<i>\$381,800</i>	<i>- \$381,800</i>	<i>\$0]</i>
2000-01 POSITIONS (Change to Base)	0.00	0.00	0.00
<i>[Change to Bill]</i>	<i>3.00</i>	<i>- 3.00</i>	<i>0.00]</i>

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