2003 Legislative Session
FISCAL ESTIMATE MANUAL

State of Wisconsin
Legislative Reference Bureau
Informational Bulletin 02-2, November 2002
http://www.legis.state.wi.us/lrb/pubs/ib/02ib2.pdf

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(Updated: November 12, 2002)

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INTRODUCTION

This is a manual for the preparation of fiscal estimates to bills drafted for the 2003 session of the Wisconsin Legislature. It explains the "why" of fiscal estimates and presents some general background information on fiscal estimate procedure; it presents the details of preparation of a fiscal estimate and it tries to identify some of the pitfalls; it addresses the question of "technical memos" by which the fiscal expert can help the legislative attorney draft a better bill; it presents the text of the statute and joint rule provisions governing fiscal estimate procedure in Wisconsin; and, last but not least, it contains some sample fiscal estimates from prior sessions.

The Department of Administration's "Fiscal Estimate System" interactive Web site. During the 2001 legislative session the Department of Administration, with input from the Wisconsin Legislature and the Legislative Reference Bureau, created a new fiscal estimate Web site. The Web-based fiscal estimate tracking system provides a means to request, assign, submit, track, and view fiscal estimates for a particular draft or bill.

The Fiscal Estimate System Web site is used primarily by the Department of Administration, the Legislative Reference Bureau, and the various service agencies assigned to prepare fiscal estimates for the Wisconsin Legislature but is also accessible to the general public. Visitors log on the system as a "General Public User" and are able to access information on any fiscal estimate made public after March 16, 2001. The link for this Web site is: http://fes.doa.state.wi.us.

Agency liaison listings. Each agency should designate the person or persons in that agency who will be responsible for the preparation of fiscal estimates for bills to be submitted to the 2003-04 legislature. Past experience indicates that it is better to delegate the task to a specific person or unit within the agency or division (rather than listing the name of the secretary or administrator). In some instances, fiscal estimates have been delayed because they were directed to an agency head that had not authorized anyone to act in his or her absence. The result was that no action took place until the agency head returned, and by then the fiscal estimate request was buried deep in the pile of things to be done "someday."

Please keep both the State Budget Office and the Legislative Reference Bureau up to date on the name of the liaison that will be responsible for fiscal estimate preparation in your agency or division. Information regarding agency liaison, preparer, and approver assignments should be updated throughout the legislative session on the Fiscal Estimate System Web site.

Fiscal Estimate preparation manuals on Web. The LRB Fiscal Estimate Manual, along with DOA Fiscal Estimate System application manuals for agency liaisons, preparers, and approvers, are available on the Fiscal Estimate System at: http://fes.doa.state.wi.us.

Identification of preparers. Joint Rule 42 (2), as amended by 2001 AJR 15, eliminates the requirement that each fiscal estimate be signed by a responsible official of the agency preparing the fiscal estimate. This was made possible because the Fiscal Estimate System now automatically dates each fiscal estimate and inserts the name and telephone number of the fiscal estimate's preparer and the authorized agency approver in the spaces provided on the form. It is however still necessary to indicate the preparer's name and telephone number on any technical memo included with the fiscal estimate.

Submittal of fiscal estimate worksheet. You do not need to submit a fiscal estimate worksheet for a bill that has no fiscal effect. However, the fiscal estimate narrative still needs to be completed as soon as possible.

Five working days to prepare fiscal estimates. Section 13.093 (2) of the Wisconsin Statutes prohibits legislative action on any bill for which a fiscal estimate is required until the Chief Clerk's office receives a fiscal estimate from the Legislative Reference Bureau. This makes it imperative to prepare fiscal estimates as speedily as possible, so as not to delay legislative consideration of the affected bill. Legislative Joint Rule 42 (3) requires assigned agencies to transmit electronically completed fiscal estimates to the Department of Administration within five working days. These deadlines apply whether or not the Legislature is in session and whether or not the bill is introduced.

In unusual circumstances the Department of Administration may grant a short extension. If the preparation of a specific fiscal estimate requires research beyond the standard period of five working days, you may request an extension before the end of the standard period by calling Deborah Uecker at 267-0371. However be sure your reasons for the requested extension outweigh the delay that you might be causing in the bill's legislative consideration. The extension cannot exceed an additional five working days and must be requested before the end of the standard five working day deadline.

Electronic transmission of fiscal estimates. As amended by 2001 AJR 15, Joint Rules now require that all fiscal estimate requests and all documents submitted in the fiscal estimate process be transmitted electronically, rather than in paper form.

Questions. If you have questions concerning fiscal estimate procedure, please contact the Fiscal Estimate Coordinator at the Department of Administration. Deborah Uecker's office is located on the 10th floor of the Administration Building, 101 E. Wilson Street. She can be reached at 267-0371 or you can contact her via email at: deborah.uecker@doa.state.wi.us.

For questions concerning the preparation or content of a specific fiscal estimate, contact your assigned analyst in the State Budget Office.

I. GENERAL BACKGROUND

Why fiscal estimates? Each biennial session of the Wisconsin Legislature marks the introduction of about 2,000 bills, and the drafting of another 3,500, dealing with just about every subject imaginable. Many of these bills, if enacted into law, will affect the finances of Wisconsin state or local government or both. They might increase or reduce expenditures; they might increase the yield of an existing tax or impose a tax on a new base.

In many instances, the fiscal implications of a bill will not be readily apparent, but yet a state legislature needs precise supporting information on which to base its decision-making. Even the specialist in the agency that might be called upon to administer a new program will on occasion find it difficult to ascertain a bill's fiscal implication. This difficulty, however, is minimal compared to the difficulties experienced by the generalist legislator whose job it is to make an informed decision on every bill introduced.

Wisconsin was the first state to provide fiscal estimates. Today, the practice is followed in a majority of the states.

Briefly, the 2003 fiscal estimate procedure provides that when a bill affects the finances of Wisconsin state or local government, or both, there must be an objective estimate of the fiscal effect. The Legislative Reference Bureau attorney drafting the proposal makes the initial determination that a bill requires a fiscal estimate. Upon introduction, the Legislative Reference Bureau transmits electronically all drafts requiring a fiscal estimate to the Fiscal Estimate Coordinator at the Department of Administration for assignment. If desired, the draft's requestor can submit a request to have the fiscal estimate assignments made prior to the drafts introduction. All agencies under the proposal that would be collecting money, receiving an appropriation, administering the program, or have the most knowledge about the bill, are required to prepare a fiscal estimate. Those agencies estimate the revenues or costs. Upon completion, the fiscal estimate is then reviewed and approved by an authorized agency representative. Once approved, the agency then electronically forwards fiscal estimate back to the Department of Administration. Before forwarding the fiscal estimate to the Legislative Reference Bureau, the Department of Administration reviews it. Under Joint Rule 46 (5), the Department of Administration may only correct any computation or other clerical error without making any substantive change. (The department, however, may on its own initiative submit a supplemental fiscal estimate when it disagrees with the original fiscal estimate submitted by the affected state agency.) Once received, the Legislative Reference Bureau electronically forwards the fiscal estimate to the bill's primary author to review. After release (introduction), the fiscal estimate is reproduced separately as an appendix to the bill.

Content of fiscal estimates. THE FISCAL ESTIMATE SHOULD SHOW THE IMPLICATIONS OF THE BILL, IN DOLLAR TERMS. How much - on a full-annualized basis - will it cost to operate the program or to make the procedural change proposed by the bill? How much revenue would the proposed new tax yield? Obviously, the fiscal estimate should set forth the direct costs, savings, or anticipated revenues. However, if one-time costs or revenue fluctuations are unrepresentative of the bill's annual fiscal implications, this should also be noted in a separate section of the fiscal estimate provided for one-time costs.

Careful consideration should be given to the detailed ramifications of the bill before preparing the fiscal estimate. In the past, for example, fiscal estimates have occasionally been written with statements that "The bill has no fiscal effect" when in fact the no net fiscal effect was the result of substituting one form of revenue for another, or when the agency felt that there would be administrative costs but they could be absorbed within existing appropriations, or when the bill applied to state government only incidentally together with all other employers in the state. However, all assumptions leading to a "no net

fiscal effect," or minimal fiscal effect, must be specifically stated.

Last but not least, the fiscal estimate law requires that each fiscal estimate address itself to the bill's long-range consequences. Will future costs be about the same as those anticipated in calculating the annualized effect? Or are there other factors, already apparent, which in a few years will lead to significant and predictable additional expenditures if the bill is enacted into law? In reviewing any potential long-range implications, don't bother with incidental workload increases and don't try to anticipate the inflationary trends of the economy or predict employee pay plan increases. The types of major long-range implications expected to be described would involve costs that might occur due to a planned program phase in or due to expected program growth over time. For example, it might be that after three to five years of operation an agency's experience with similar programs suggests that a 25% increase in program participation will occur due to expanded knowledge of the availability of the service. On the other hand, it might be that as more people use a new benefit (for example, expanded health insurance coverage) costs can be expected from experience to grow by some percentage due just to increased usage.

To present in the fiscal estimate the full annualized cost of a proposal, the fiscal estimate figures should generally be based on full implementation of the program (assuming that that would be within two to three years of the initiation of the program) and not on a given fiscal year cost (for example, 2003-04). However, if the full program phase in will be later than two or three years after initiation of the program by the Legislature (and therefore will create a cost in excess of the amount shown in the fiscal estimate) it should be noted in the long-range cost implications section of the fiscal estimate. Other types of long-range cost implications that might be noted are cost increases or decreases expected in later years due to projected significant enrollment fluctuations or caseload levels that will have an impact on workload levels.

Other sources of legislative information. In compiling the fiscal estimate remember that the Wisconsin Legislature has regular procedures to compile a variety of information and that THE INFORMATION PROVIDED FROM OTHER SOURCES SHOULD NOT BE COVERED BY THE FISCAL ESTIMATE. The purpose of the fiscal estimate is to put a "price tag" on legislation; it should not explain what the law is now or what it will be if the proposal is adopted. For example, do not summarize the bill in the assumptions section of the estimate. That kind of information is contained in the analysis by the Legislative Reference Bureau, which is printed on every bill immediately following the bill's title.

In the fiscal estimate, do not concern yourself with policy alternatives but state the fiscal implications of the bill as it is presented to you. In the Senate and Assembly, there are staff whose specific duty is to advise the members on the policy implications of each bill and what alternatives might be available.

Finally, nearly every bill introduced in the Wisconsin Legislature receives a public hearing before a standing committee. At that time interested persons can take a stand for or against the bill. Representatives of agencies of state government frequently appear at the public hearings to offer suggestions as to how the bill could be improved for more efficient administration or to present information showing how the bill conflicts with existing policies, programs, or law.

Fiscal estimate procedure. The initial determination that a bill does or does not need a fiscal estimate is made by an attorney in the Legislative Reference Bureau when the bill is drafted. Prior to the bill's introduction the drafting attorney's decision can be challenged by the bill's requester to the chief of the Legislative Reference Bureau. The chief's decision is, at this stage, final. Following the bill's introduction if it is discovered the Legislative Reference Bureau failed to detect a bill's possible fiscal implications, any member of the Legislature can raise a point of order on the floor that a fiscal estimate is required when the bill is before the member's house. In that case, the presiding officer's decision that the bill needs a fiscal estimate is again final, subject to overruling by the house.

It is, of course, possible that mistakes will be made and that bills will be marked "fiscal estimate required" when, in fact, they do not have a fiscal effect. However, it is better in the long run that a few bills should come back from the experts in the operating agencies with a fiscal estimate reading "*This bill has no fiscal effect because it neither increases nor decreases any state or local fiscal liability or revenue"* than to fail to send out for a fiscal estimate a bill that may have a significant hidden fiscal effect.

The decision that a bill needs a fiscal estimate has a serious consequence: section 13.093 (2) of the Wisconsin Statutes directs that all legislative action (other than referral to a standing committee) stop for a "fiscal estimate required" bill until a fiscal estimate has been made available to the Legislature. If the bill is before the house, the state prohibits the house from acting on it. If the bill is before a standing committee and slated for a public hearing, the state prohibits the public hearing from being held; if it is slated for executive action, the state prohibits executive action until a fiscal estimate is obtained.

It is imperative that fiscal estimates be completed expeditiously. Joint Rule 42 (3) of the Wisconsin Legislature provides that **fiscal estimates are to be produced and electronically transmitted to the Department of Administration within five working days** unless the Department of Administration grants an extension when the compilation of an estimate requires unusually extensive research. However, the total time allotted may never exceed ten working days. **These deadlines apply whether or not the Legislature is in session and whether or not the bill is introduced.** The Joint Rule directs the Department of Administration to grant extensions on a limited basis only. If you need an extension, contact Deborah Uecker (267-0371) in the State Budget Office, explain what the problems are, and indicate the date on which the estimate will be completed.

Limited fiscal impact. Section 16.47 (2) of the Wisconsin Statutes permits the passage of three classes of fiscal impact bills before the passage of the general executive budget bill: 1) those with an ANNUAL impact on the state of less than $10,000; 2) those with an annual impact on the state of more the $10,000; and 3) those with a BIENNIAL impact on the state of less than $100,000. This provision increases the necessity for accuracy in fiscal estimate preparation. If the fiscal estimate indicates that a bill's state fiscal impact fully annualized is less than $10,000, the bill can be passed by the Legislature before the budget bill without any special authorization. If the fiscal estimate indicates that a bill's state impact fully amortized is more than $10,000, either the Governor or the Joint Committee on Finance may recommend the bill, regardless of amount, for passage before the passage of the budget bill. If the biennial state fiscal impact under full operation is less than $100,000, the Committee on Organization in either house may recommend the bill for enactment before passage of the general executive budget bill.

Electronic transmission of fiscal estimates. As amended by 2001 AJR 15 the Joint Rules now require that all transmission of documents in the fiscal estimate process be transmitted electronically, rather than in paper form. A presiding officer, however, may permit a primary author to transmit a request for a supplemental fiscal estimate by other means, and the president of the Senate and the speaker of the Assembly acting jointly may permit, for a limited time, the transmission in paper form.

Review of "original" estimate by author; estimate for modified bills; rewritten estimate. Under Joint Rule 48, the primary author of an introduced bill is given five working days before publication in which to review each "original" fiscal estimate and worksheet. The five-day period starts on the day on which the Legislative Reference Bureau electronically transmits the initial estimate to the bill's primary author. During the five-day review period, the author may further explain the bill to the agency and request the agency to rewrite its fiscal estimate. If the agency agrees to rewrite it, and the author agrees to the delay in publication, the rewritten "original" estimate is the only one published. (Both the initial "original" estimate and the rewritten "original" estimate are placed in the bill file maintained by the Legislative Reference Bureau.) If a new original fiscal estimate is being prepared, IMMEDIATELY notify Deborah Uecker at the Department of Administration (deborah.uecker@doa.state.wi.us) (phone: 267-0371) and the Legislative Reference Bureau (lrb.legal@legis.state.wi.us) (Attn: Mike Barman) (phone: 266-356l). Failure to notify the Legislative Reference Bureau will result in both the initial and the rewritten fiscal estimates being published.

Note: In cases where a bill is introduced by a committee, instead of by a legislator, the primary author is considered to be committee chair. (Exception: In the case of the Joint Statutory Committee - Joint Legislative Council, the director of the Legislative Council is given the authority to review any fiscal estimates submitted.)

"Supplemental" fiscal estimates. Joint Rules 41 (3) (a), (b), (c) and (f), 46 (4), and 48 (3) provide for the preparation and publication of "supplemental" fiscal estimates.

(1) During an "original" fiscal estimate's five-day review period, but not afterwards, the bill's primary author may electronically submit to the Legislative Reference Bureau (lrb.legal@legis.state.wi.us) (Attn: Mike Barman) (phone: 266-3561) a request for an agency to also prepare a "supplemental" fiscal estimate for the bill as affected by an introduced <u>or</u> un-introduced proposed amendment or substitute amendment. This request is processed the same as the "original" fiscal estimate except that only one agency is required to prepare the "supplemental" fiscal estimate instead of the multiple agencies that may have prepared an estimate for the original bill. The Legislative Reference Bureau will electronically forward the request from the author to the Department of Administration and will include an electronic copy of the amendment or substitute amendment.

(2) The primary author of an introduced bill may request the Legislative Fiscal Bureau or the Department of Administration to prepare a "supplemental" fiscal estimate on a bill if the primary author disagrees with an estimate prepared by a state agency.

(3) Per Joint Rule 41 (3) (b) by request of the primary author of an introduced bill, the presiding officer of either house of the Legislature may request (through the Department of Administration) that a state agency prepare a "supplemental" fiscal estimate on a bill or on a bill as affected by a proposed amendment or substitute amendment. The Department of Administration will contact the Legislative Reference Bureau and inform them of the request.

(4) The Department of Administration may submit a "supplemental" estimate on its own initiative when the department disagrees with an estimate prepared by a state agency.

(5) The Joint Committee on Finance by a majority of its members or by either co-chairperson may request from a state agency (through the Department of Administration) or from the Legislative Fiscal Bureau a "supplemental" fiscal estimate on a bill or on a bill as affected by a proposed amendment or substitute amendment, if the committee or co-chairperson believes that the estimate on the bill or the modified bill would be substantially different from the estimate on the original bill.

"Consolidated" fiscal estimates. The Department of Administration is permitted by Joint Rule 41(3) (d) to prepare a "consolidated" estimate summarizing all original fiscal estimates prepared by state agencies relating to a specific bill.

"Updated" fiscal estimates. Joint Rule 41 (3) (e) permits any state agency to submit an "updated" estimate, supplementing its "original" estimate, when the agency has available better or more current information.

"**Corrected**" **fiscal estimates.** Under Joint Rule 46 (5) the Department of Administration or the state agency that originally prepared the fiscal estimate may prepare a "corrected" fiscal estimate to correct any computation or other clerical errors but may not make a substantive change in it.

Any "supplemental," "consolidated," "updated," or "corrected" fiscal estimates submitted shall be reproduced and distributed to supplement the "original" fiscal estimate released for the bill.

"Original" fiscal estimates - five day review period.
"Supplemental" fiscal estimates - no review period - immediate release.
"Consolidated" fiscal estimates - five day review period.
"Updated" fiscal estimates - five day review period.
"Corrected" fiscal estimates - no review period - immediate release. *

* Release of the "original" fiscal estimate prepared by an agency on a specific bill shall precede the release of any "corrected" fiscal estimates submitted by that agency.

II. PREPARING A FISCAL ESTIMATE

Maintain confidentiality! Do not, under any circumstances, broadcast the content of a bill draft. A **bill draft** (rather than a document that has already been introduced in the Legislature) is a **confidential** document. You can tell a bill draft from one that has already been introduced because the bill draft is not identified with a bill number such as "2003 ASSEMBLY BILL 44" or " 2003 SENATE BILL 321." In the case of bill drafts, the field preceding the title (which begins with the words "AN ACT to ....") reads "2003 BILL."

Bill drafts are, thus, numerically identifiable solely by their "LRB" number, which you find in the upper right-hand corner on every page of the bill. It looks like this: **LRB-2836/2**
JTK:kaf:ch

In the example shown, the "-" indicates that the draft is a bill and not a substitute amendment ("s") or a simple amendment ("a"). "2836" is the LRB number. The number "2" following the "slash" indicates that this document is the second draft of LRB-2836.

When you are dealing with an un-introduced bill draft, do not call the Legislative Reference Bureau to find out the name of the draft's requester. The bureau is not permitted to tell you that name unless instructed to do so by the requester. A bill draft is a preliminary working document developed by the LRB attorney to express in writing the ideas brought by the requester. When the requested idea is written down in precise terms, the requester may change his or her mind, or may find that the attorney did not fulfill the requester's intent. DEPENDING ON WHAT ADDITIONAL INFORMATION BECOMES AVAILABLE TO THE REQUESTER - AND ACCURATE FISCAL INFORMATION IS OF GREAT ASSISTANCE IN THIS PROCESS - THE BILL DRAFT MAY BE EXTENSIVELY CHANGED BEFORE IT IS INTRODUCED, OR IT MAY BE SHELVED ALTOGETHER. A legislator's political future is "on the line" every time he or she publicly endorses a bill. The legislator should not be saddled with the additional burden of being held accountable for the contents of preliminary drafts that do not express his or her final decision.

Thus, under no circumstances should you make additional copies of a bill draft to circulate throughout your staff. Do not discuss the bill draft's content with any person other than those who have to help you compile the fiscal information. The Legislative Reference Bureau, as the bill-drafting agency, is not permitted to discuss publicly any feature of a bill draft, or even its very existence, until the bill draft has been introduced in the Legislature. As the agency assigned the responsibility of preparing the fiscal information, you should observe the same confidentiality. If you have any question concerning the interpretation of the bill draft or need to relay information to the requester, you may contact the LRB attorney who drafted the bill. But remember the fiscal estimate should reflect your independent interpretation of what will be required of your agency if the bill as drafted becomes law. The fiscal estimate should not be influenced by the intentions, hopes, or desires expressed within or aside from the draft.

Interactive fiscal estimate narrative and worksheets. All fiscal estimate narrative and worksheet forms are now completed on the Department of Administration's "Fiscal Estimate System" Web site (http://fes.doa.state.wi.us).

The new interactive forms include the following improvements:

- On-line preparation.
- Automatically entered date on each page.
- Automatically entered LRB number and introduction number on each page.
- Automatically entered preparer and approver names and phone numbers.
- Increased left/right margins (to accommodate three-hole punched paper)

Retain information. Be sure to retain all information you compiled in preparing the fiscal estimate. Similar bills may come to you during the session and the information already compiled may help you prepare the new fiscal estimate. This is particularly true in the case of un-introduced bill drafts because, as was pointed out above, the content of the fiscal estimate frequently convinces the requester to make changes in the bill and to ask for new fiscal estimates, until the bill achieves the effect desired at the approximate cost the requester had in mind.

Be objective. In addition to confidentiality, objectivity is the most important aspect of preparing a fiscal estimate. Be as objectively factual as is possible. Clearly SPECIFY ALL ASSUMPTIONS used in arriving at the fiscal estimate, particularly when the provisions in the bill are either permissive or uncertain. As a citizen, you may be very much in favor of a bill's contents or be violently opposed to the bill. As an administrator, you may feel that the bill in its present form would be hard to administer or that it would only add to the already existing miles of red tape; or you may disagree with the proposed program change; or you may feel that given a choice you would try to accomplish the same end by different means. However, none of these reflections should appear in, or have any influence on the objectivity of, the fiscal information you are requested to provide.

A fiscal estimate should accurately, factually, dispassionately, and objectively set forth the total fiscal impact estimated to occur when the bill becomes law. It should neither endorse nor oppose the bill, nor concern itself with the bill's merits as a matter of public policy. In fact, it is imperative that the fiscal estimate gives no hint as to the attitude that you or your agency may have regarding the substance of the bill. If the bill has technical defects or if you wish to convey other information to the requester or to the legislative attorney, provide a "technical memo" SEPARATE from the fiscal estimate (see Part IV, below), or have your agency representative explain at the public hearing what you consider to be the technical defects or your suggested improvements. If you choose the latter course, do not tell that representative about the bill until after it is introduced or is noticed for a committee hearing.

Effect on agency budget. The primary reason for the fiscal estimate is to provide the Legislature with information on potential costs concerning a legislative proposal for the Legislature's use as a part of its decision making. The Legislature is asking your agency, as an expert in the program area, for an independent and factual assessment of the proposal's fiscal ramifications. Your agency's responsibility in regard to the fiscal estimate is to provide an independent and objective estimate of the bill's likely effect on state and local government costs and revenues. As a part of that estimate, your agency has, the opportunity to indicate the estimated fiscal impact of the proposal on your agency, as well as possible effects on state and local government in general.

If, in your agency's best judgment, the proposal as drafted will increase or decrease costs or revenues, it is those amounts that should be indicated in the fiscal estimate. Alternatively, the proposal may not increase or decrease costs, in which case that should be indicated in the fiscal estimate. The estimate should present the best dollar estimate, regardless of whether additional appropriations are provided or new revenues raised in the case of increases, or whether appropriations could be reduced or money lapsed or less revenue collected. Don't be misled into thinking that the moneys from a fee, earmarked to administer the program, are outside the state's fiscal concern. They are state moneys and their collection or expenditure has a fiscal effect. Always indicate the source of the funds to be used for the project (general-purpose revenue, program revenue, federal moneys, etc.) in the body of the fiscal estimate.

Make your own evaluation of what would be required if the bill as drafted is enacted into law and becomes a responsibility of your agency. If an appropriation is contained within the bill, do not simply assume that the dollar amount shown equals the program's cost. Although that dollar amount may very well be the appropriation level at which the Legislature will expect the agency to operate the activity, the fiscal estimate should indicate the operational level expected by the agency and also, if an appropriation is provided, the operational level that the agency feels can be performed with the amount appropriated.

If no appropriation is provided, indicate the impact of the proposed change on existing staff efforts. Indicate what level of new program effort could be accomplished with existing resources. Remember that the Legislature often expects an agency to carry out additional activities without additional staff members by redefining its priorities or levels of activity in various areas. Therefore, it is important to indicate in the assumptions section what level of program activity would be possible with existing staff members. In some cases, it should be possible to carry out the new activity without any increased staff members but in others only a minimal effort may be possible with existing staff members. What is *essential* is that an agency specify in the assumptions section of the fiscal estimate the basis on which the estimate was made.

Don't be misled by the size of an appropriation for administrative purposes that is shown in the bill. Perhaps that amount was based on the fiscal estimate to a proposal considered several sessions ago and bears no relation to current salary ranges. Perhaps it was just a guess on the part of the requestor. Maybe the amount is as much as the requestor believes should be appropriated at this time. Consequently, in the fiscal estimate it is essential that you specify the assumptions used in arriving at the cost. It is particularly important in local fiscal estimates to use explicit assumptions because of the frequent lack of actual data on which to base an estimate. The fiscal estimate should clearly indicate what, based on these assumptions, you estimate to be the costs or the anticipated savings, or increased revenues, or whatever. You should also recognize that, despite your estimate, the Legislature may make the policy decision to appropriate no more than the amount indicated or, in a bill with no appropriation, to provide no additional funds. In that case, the fiscal estimate should indicate (probably in the assumptions section or possibly in the long-range fiscal implication section) the program level at which you would operate.

Potentially, at least, any change in the procedures or operations of state government may have a fiscal effect. As practical matter, of course, the fiscal effect will in many cases be so insignificant as to be incapable of measurement, or the agency may be required to absorb the added workload within its existing appropriation and staff pattern. However, try to avoid providing the following type of vague fiscal estimate: “This bill would have little fiscal effect. Any costs involved in the administration of the bill would be absorbed in existing appropriations of the department.”

Imprecise terms, such as “little fiscal effect” or “minimal fiscal effect” do not convey useful information. For a multimillion-dollar program, a $100,000 cost impact may be viewed as minimal. To the legislator who is thinking of minimal as being a cost of less than $5,000, however $100,000 is not a minimal cost. Therefore, provide, based on the assumptions stated in the fiscal estimate, the specific fiscal effect anticipated. It is entirely appropriate and often expected that some added responsibilities and

activities can be absorbed by an agency within its existing appropriation levels. When that is the case, it should be noted in the assumptions sections. The estimated cost should nonetheless be identified in the fiscal estimate. Remember that there may be other bills to be considered during the session for which your agency may also be expected to absorb the cost. Although it may be possible to absorb some or all of the costs associated with one bill, it may not be possible to do so if several bills were to pass and all require your agency to absorb the costs. Therefore, it is important to identify any actual cost associated with a legislative proposal and then indicate in the assumption or long-range cost implication section that these costs or some portion of them can be absorbed within the agency's existing appropriation level assuming several bills do not pass requiring absorption. Further, what your agency can or cannot absorb will depend on the overall size of your agency's budget. A task requiring the staff services of two full-time clerk-typists might well be absorbed by a large agency, but absorbing that task could place an impossible strain on the budget of a small agency.

In the request for a fiscal estimate, the Legislature is asking for your agency's objective assessment of the new or changed activities the legislative proposal would require of your agency; and the changes in operating costs, if any, that might be involved. An increased cost that can be absorbed should be so identified, because that situation is clearly different from the situation where no cost is anticipated. Although your agency should provide its best assessment of operating needs in the fiscal estimate, agencies should avoid the fallacy that the imposition of new activity will always require additional staff members. Most agencies have some flexibility and can modify priorities or work schedules to allow them to accomplish other activities in addition to their current activities, although it is understood that the level of current activities may have to be modified.

For those situations where you conclude that your agency will need additional staff members to perform the activities required by a bill, be sure to include in the narrative part of your fiscal estimate, in addition to the cost implications, a statement concerning the bill's impact on the agency's staffing pattern. Position control is a major facet of the legislative budget process, and information on the number and type of additional staff members that may be required, as well as the cost, should be readily available to the Legislature when the merits of a bill are debated.

Appropriation zeros. If the bill submitted to you contains a zero appropriation ("There is appropriated $-0- for .....," or the section 20.005 (3) schedule segment in the bill shows $-0-), and funding is needed to implement the program, you should **MENTION IN A TECHNICAL MEMO SEPARATE FROM THE ESTIMATE THAT THE ZERO NEEDS TO BE REPLACED IF THE LEGISLATURE INTENDS THAT THE PROGRAM BE FUNDED.** This approach might save you some difficulties later.

For instance, 1967 Assembly Bill 783 passed both houses, was enrolled, and was ready for presentation to the Governor when it was discovered that, although it contained a very detailed fiscal estimate, the required amount of $47,960 to cover administrative costs in conjunction with a student loans program had not been inserted to replace the zeros in the bill. A joint resolution (1967 SJR-87) had to be approved by both houses to recall the bill from the Assembly for further action by the Senate; the Senate then reconsidered its previous vote to get the bill back to its amendatory stage, and adopted Senate Amendment 1 to substitute the appropriation amounts for the zeros; the bill was returned to the Assembly and the Assembly concurred in the amendment; and the bill, as amended, was re-enrolled for presentation to the Governor. Without the adoption of the amendment, no money would have been appropriated to cover administrative costs, and the entire program would have been in jeopardy. Dollar figures also were not inserted in chapter 322, laws of 1971 (developmental disabilities board); chapters 404 and 405, laws of 1975 (dwelling code council); and chapter 237, laws of 1977 (burial allowances at the Wisconsin Home for veterans).

Note, however, that it may well be the requestor's intent, or ultimately the Legislature's direction, that no additional funds be provided as a part of the legislation even though additional activities may be expected of the agency.

Lack of spending authority. The examples just cited simply failed to appropriate the money. Other difficulties have arisen in the past from supplementary appropriations designated to the wrong appropriations paragraph in Chapter 20 of the Wisconsin Statutes, even though the bill made an appropriation to the right agency. Therefore, if a bill provides an appropriation, be sure that it correctly provides your agency with the intended spending authority to administer the program. If you detect an error, attach a technical memo (see Part IV, below) to the fiscal estimate so that the information can be sent to the Legislative Reference Bureau and, through it, to the requester.

On the other hand, in a number of instances bills have been introduced and marked "fiscal estimate required" that did not contain appropriation language, or provide for supplementation of an existing appropriation, even though the bill involved significant costs. In many instances, this was due to the requester's insistence that the agency to which the program would be assigned should absorb the costs out of its existing appropriations. This may, or may not, be a realistic assumption, but even if it is unrealistic it is nevertheless a policy decision to be made by the requester and ultimately by the Legislature. In such instances, it might be proper to end the fiscal estimate with a sentence somewhat like this: "The bill makes no provision for the funding of the costs involved in …." Again, you can through a technical memo call the "defect" to the attention of the Legislative Reference Bureau and, through it, to the requester, but keep in mind that an omission you consider a defect may well be the intent of the requester. When the memo is received, the Legislative Reference Bureau forwards a copy to the requester together with the fiscal estimate and the following form letter:

> "We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me."

Explain estimating methods. The fiscal estimate that you prepare should help the Legislature make an intelligent, informed decision based on the best facts available. Put the emphasis on informing. Write your estimate so that the members of the Legislature can see the assumptions made and the methods you used to arrive at the total cost or savings shown. That way, if an amendment changes one of the parts of the bill, the information given in your estimate might make it possible to ascertain the fiscal effects of the bill as amended. If the estimated dollar cost or anticipated revenue yield of the bill is arrived at by estimating unit amounts, indicate the units and the unit costs used.

If, after careful evaluation, you conclude that a specific estimate cannot be given, let the Legislature at least have the benefit of a dollar range estimate. It is much better to say based on stated assumptions that the "cost might vary from $5 million to $20 million depending on variables that cannot be fully ascertained", than to claim that "no reliable estimate can be given" when you believe it unlikely the cost will be less than $5 million.

The fiscal estimate to 1973 AB-452 contains a wealth of valuable information and then concludes, disappointingly:

> ".... Therefore, a dollar estimate of the additional cost likely to be involved in enacting the bill is not possible although the increase would be significant."

"Significant," to the compiler of the fiscal estimate, had a meaning. Maybe it meant $20,000; maybe it meant $20 million. The Legislature would have been better served if the fiscal estimate

had concluded: "Therefore a specific dollar estimate is not possible but it is unlikely that the cost would exceed $100,000 (or it is likely that the cost would be greater than $10,000 but less than *$*500,000)*,"* leaving the decision to the Legislature whether the cost ("significant" or not) would be "worthwhile" in terms of the competing demand for the state support of public programs. Similarly, "insignificant" to some persons may mean a cost of less than $100,000 but to others that may mean a cost of less than $1,000.

Never say "this bill has no fiscal effect" when what you mean is "our agency may be able to absorb the costs of this bill in its existing appropriation and staffing pattern because the total workload involved can be carried by one typist working less than half time." Also, do not say "this bill neither increases nor decreases state revenues" when, in reality, the bill reduces income tax revenues by $4,000,000 annually but creates new sales tax revenue in an equal amount by taxing cooking utensils.

Indicate source of funds. Be specific as to where the money comes from. In a majority of cases, funding will be from general purpose revenues (GPR) but often it comes from other sources such as program revenues or federal moneys or from one of the segregated funds.

Some agencies have on past occasions assumed that the state bears no burden and, therefore, that a bill has no fiscal effect if it creates a licensing requirement, imposes a license fee, and appropriates all moneys received to administer the license. This is wrong. When the power of the state is being used to exact a license fee, the revenue is state money even if a policy decision has been made to dedicate that money, as program revenue, to the administration of the license. The anticipated revenue should be stated. Conversely, the anticipated cost of administration should be stated even though it is intended to be financed from program revenue (user fee) rather than from general state tax dollars. Even such a simple matter as a claim against the state, for "x" number of dollars, can have hidden fiscal implications that are immediately apparent to the specialist, but might be missed in the Legislature unless brought to its attention in the text of the fiscal estimate.

Local fiscal effect. Because state-imposed requirements often affect local government fiscal liabilities or revenues, the state's fiscal estimate law incorporates information on local fiscal impact. In some instances, a bill may have no state fiscal impact but significant local fiscal impact. Such a bill requires a fiscal estimate as much as a bill having only state fiscal impact. The transmittal sheet specifies which agency is required to prepare the local fiscal estimate. Such fiscal estimates will usually be prepared by the state agency having subject responsibilities related to the topic of the bill, not only because they would be most likely to have statistical or empirical data related to the topic, but also because they might know a local official who could provide the required information. Because local fiscal estimates rely heavily on generalizations and approximations because local information is often incomplete, be sure to state your assumptions explicitly.

Fiscal estimate not required. Occasionally, you will be directed to prepare a fiscal estimate for a bill that you conclude after careful study does not have even a minimal fiscal effect. Even though the bill has no fiscal effect, if it has already been introduced in the Legislature, the bill will be hung up in committee until your fiscal estimate is received. In such a situation, valuable time can be saved if you don't contact the State Budget Office or the Legislative Reference Bureau to say that the bill does not need a fiscal estimate. Instead, submit a completed fiscal estimate as soon as possible to the State Budget Office and let the text of your fiscal estimate show that the bill does not have a fiscal effect.

The fiscal estimate forms. The fiscal estimate form and worksheet are generated by the Fiscal Estimate System with each fiscal estimate assignment. The narrative WILL BE PRINTED as part of the fiscal estimate for original, supplemental, and all other fiscal estimates. The fiscal estimate worksheet WILL BE PRINTED unless the fiscal estimate states that the bill has no fiscal effect. The fiscal estimate will be reproduced as submitted, without being retyped.

III. PREPARING THE FISCAL ESTIMATE FORMS

Fiscal estimate identification. The Fiscal Estimate System automatically enters the Legislative Reference Bureau draft number, and if applicable, the introduction number for each draft or bill on each fiscal estimate form and worksheet completed by agencies. The system also automatically marks assignments as either original or supplemental when the assignment is initiated by the Legislative Reference Bureau and the State Budget Office. Agencies may initiate corrected and updated fiscal estimates and mark them as such as they are created by agencies.

The Fiscal Estimate Coordinator in the Department of Administration will enter the description of the draft or bill on the form and worksheet for each assignment according to the description as written by the Legislative Reference Bureau attorney who drafted the draft or bill. For instance 1979 Assembly Bill 34 has the following title:

AN ACT to amend 118.14 (1) and 121.004 (5) (c); and to create 118.14 (3) of the statutes, relating to: allowing a school district, subject to the state superintendent's approval, to operate a kindergarten for 4-year-olds.

The Fiscal Estimate Coordinator will also enter a short description in the "subject" area of the form and worksheet, according to the language included in the description, such as "kindergarten for 4-year-olds."

The Fiscal Estimate System will automatically insert the date on which the estimate was completed, the name of your agency, the name of the person who prepared the estimate and his or her phone number, and the name of the person who approved the estimate and his or her phone number.

Fiscal estimate narrative. (1) FISCAL EFFECT. The check boxes that have been included on the forms are to be completed, as appropriate, for *every* fiscal estimate form. They have been included for a specific purpose to aid legislators, especially committee chairpersons and presiding officers, in quickly determining the nature of the fiscal effect, if any, of the proposal. This information is important in determining how a bill is handled, including whether it should be referred to the Joint Committee on Finance or whether it may require the attachment of an emergency clause. As many boxes should be checked as are appropriate to a particular proposal but at least one box in both the state fiscal effect and local fiscal effect areas must be checked on every fiscal estimate proposal. Note that the check boxes relating to types of local governmental units affected have been expanded to include separate boxes for school districts and for technical college districts.

(2) ASSUMPTIONS USED IN ARRIVING AT FISCAL ESTIMATE. It is not the purpose of the fiscal estimate form to restate the fiscal estimate in written narrative form. Rather, it is to provide a written narrative primarily of *how* the fiscal estimate (which is to be shown not in the narrative but on the fiscal estimate worksheet) is arrived at, *particularly the major assumptions* that go into arriving at the dollar estimate. The intended use of this part of the fiscal estimate form is for the agency personnel compiling the fiscal estimate to summarize briefly the principal assumptions or criteria that are used by the agency in calculating the estimated fiscal impact of the bill. The preferable way to complete this section is as follows:

1. A short (generally one line) introductory statement that identifies the nature of the costs in terms of the statutory provisions of the bill. For example:

(1) 1983 AB-508: "This proposal (would) require school boards to include transportation in their plan of providing safeguards for students residing in hazardous areas."

(2) 1983 AB-519: "This bill would require that (all) disability insurance policies (in the state) be written to include coverage for home care and for transportation services."

2. The following narrative material in the assumptions section should then identify the significant assumed new or changed conditions that would occur if the particular legislative proposal were to become law and that are estimated to result in increased or decreased costs. The written material should generally be a narrative that explains and flows logically and not a listing of random statistical items or comments. For example the following is the assumptions section that was included in the fiscal estimate to 1977 AB-808, which permitted studded tires on vehicles used for rural newspaper delivery:

(1) There are 37 daily and 236 other newspapers published in Wisconsin.

(2) In addition, there are an unknown number of shopper type advertising papers in the state which might qualify as newspapers under s. 985.03 (1) (c) and so might have vehicles that would qualify for studded tires under this proposal.

(3) a] Seven daily newspapers were contacted. They included the two metropolitan news companies and a sampling of the 35 remaining.

b] The best information available is that about 50 of the 236 non-daily newspapers have or soon will have delivery systems. In addition, some of the local newspapers also publish an "advertising" paper.

c] All vehicles eligible for studded tires under this bill are expected to do so. This would be:

Rural Route Delivery	Vehicles
Daily Newspapers	850
Other Newspapers	150
	1,000

(4) Advertising papers cover 1,100,000 households in Wisconsin. Some receive more than one of these papers. It is estimated about 30-40% of the total are rural and one rural route will average 500 stops. Therefore, there is a potential that 660 to 880 vehicles are needed for this purpose. At least some of these advertising publications are not now considered newspapers for sales tax purposes, and it would be difficult to classify them as newspapers under s. 985.03 (1) (c). Therefore, they have not been included in the fiscal impact computations. They are mentioned because there are some cases under litigation that might change this premise.

(5) From previous studies, damages to roads from studded tires is estimated to be $10 per year per tire. While this will vary depending on the number of studded tires using a given road, the figure still seems valid. Most of the travel will be on local roads.

(6) It is assumed only vehicles used primarily for rural delivery to individual households would be included. Trucks and other vehicles delivering bundles of papers to route carriers would not be included.

Although the "assumptions" provided in the above example were generally relevant to fiscal estimates provided, more information may have been provided than was necessary, and in a manner that could have been improved in terms of narrative style. As illustrated in the following, a shorter, coherent narrative presentation might have been more understandable.

> This proposal would add vehicles used for rural newspaper delivery to those vehicles that are exempted from the prohibition on the use of studded snow tires. For purposes of this fiscal estimate, it is assumed that all vehicles that, under this proposal, would be eligible to be equipped with studded tires would be so equipped and that the estimated increased "wear and tear" to roads caused by studded tires will be remedied from within the overall existing level of state or local appropriations for highway maintenance. The assumption is made that only vehicles directly involved in the delivery of rural newspapers would be affected by this exemption. It is also assumed that the shopper type of advertising "newspapers" would not be included under the definition of "rural newspapers." It is estimated, based on a sampling of newspapers, that initially there would be about 850 vehicles involved in the rural delivery of daily newspapers and another 150 vehicles involved in the rural delivery of non-daily (basically weekly) newspapers or a total of 1,000 vehicles. Previous studies suggest that the estimated damage to roads from studded tires is approximately $10 annually per studded tire (normally two per vehicle). The total additional wear and tear cost from the expanded use of studded tires is assumed to be distributed 25% on state trunk highways and 75% on local roads.

Note that the assumptions section does not show the detailed calculations used to arrive at the $20,000 fiscal effect shown in the estimate but does provide in a concise manner the necessary assumptions and data used to arrive at the estimate.

(3) LONG-RANGE FISCAL IMPLICATIONS. In most cases, especially under the full annualized cost concept (under which the estimated total ongoing cost of the proposal is shown rather than the cost in, for example, the next fiscal year) there will be nothing to enter in the long-range fiscal implications section. This section is NOT, for example, to be used to indicate that such items as inflationary costs or costs of future employee pay increases will result in increases in total costs. There may be situations, however, where for some reason a newly initiated or changed program will result in substantially increased costs that will not occur until several years in the future. For example, if a law were passed this year to require two additional years of high school for all students, the initial cost might only be the increased teachers required. However, there would probably be a long-range cost for constructing school buildings, and enrollments in the technical colleges and universities might be reduced for a two-year period.

Another example is a proposal affecting a program with a clientele or caseload that is continually changing. For instance, a proposal affecting AFDC payments might have a $2 million cost today, but a $3 million cost in two years, based on expected caseload increases. Because a single dollar estimate is requested, the current figure should be selected, and the estimated annual increase or decrease based on caseload changes should then be referenced in the long-range fiscal implications section.

Fiscal estimate worksheet. In addition to the fiscal estimate narrative, the cost detail asked for in the fiscal estimate worksheet constitutes a part of the formal fiscal estimate. The narrative is published as a part of the fiscal estimate to the bill. The worksheet is published unless the fiscal estimate states that the bill has no fiscal effect. Because the worksheet provides additional information for legislators regarding the fiscal effect of a bill, it is important that agencies complete the worksheet with care. It must be completed for every bill or proposal, except those having no fiscal effect. Aspects of filling out the worksheet portion of the fiscal estimate are discussed below.

(1) ANNUALIZED FISCAL IMPACT. The dollar amounts that are to be shown in the fiscal estimate are based on the concept of "full annualized cost" to provide, to the extent possible, a consistent measurement of the fiscal impact of various legislative proposals.

The purpose of a full-annualized cost is to show the costs (or savings or effect on revenues) that your agency estimates will result, on an annual basis, from the proposal once the required changes are made and the proposed program or activity is fully implemented. Thus, for example, a legislative proposal that is not introduced until late in the session, which would require nine months to draft rules and hire staff members, and another six months to get the program fully operational might be identified as having little or no fiscal effect in that current fiscal biennium. However, some twelve to eighteen months after passage, the estimated ongoing annual cost of that proposal (including, for example, additional staff members and supporting costs and aid payments) might be substantial. It is this latter cost estimate, the estimated full-annualized cost, that is reflected, not, for example, the estimated cost for the 2003-04 fiscal year.

Although generally it is expected that the annualized cost approach will result in more consistent and useful fiscal estimates, it can create difficulties in regard to some proposals. If, for example, a change in the tuition grant program is being proposed, with the change to be phased in over four years (seniors, juniors, sophomores, and then freshmen), the estimated number of eligible students will be increasing gradually. How is the full-annualized cost to be determined in this case?

In this case, the cost to be shown would be that for the increased level of grants to be awarded after the program change was totally phased in (for example; in the fourth year) and based on the agency's best estimate of eligible number of students and grants available, at that time. The 2003-04 cost, for example, which would have probably included only seniors and juniors, should *not* have been shown, because that is not the full cost of the change, even though that would be the level of cost in this biennium. Further, the ongoing costs even after full implementation might be variable due to fluctuations in the number of students and eligibility for scholarships. However, the agency should make its best estimate of the total cost at the point of full implementation rather than providing only a range or no estimate. The agency should then also note in the long-range fiscal implications of the fiscal estimate narrative form that likely increases, for example, in student enrollments in the next ten years could result in a 5% (or 10% or other) annual increase in program costs. The agency should also note in the assumption section the cost estimates for the three years leading up to the year of full implementation.

(2) COSTS AND REVENUES - INCREASES AND DECREASES. Section II of the fiscal estimate worksheet has two columns for showing the estimated annualized fiscal cost of the proposed legislation. One column is headed "Increased Costs," which is where all increases in expenditures projected as a result of the proposal should be listed and shown as positive numbers. Conversely, the second column is headed "Decreased Costs," which is where all reductions in expenditures projected as a result of the proposal should be listed and shown as negative numbers. To emphasize the proper sign treatment, negative signs have been preprinted on the form.

Section III of the fiscal estimate worksheet, similar to Section II, also has two fiscal impact columns. In this case, the two columns are for showing the estimated annualized revenue impact of the proposed legislation. The column headed "Increased Revenues" is the column where any increases in revenues anticipated as a result of the proposed legislation should be listed and shown as positive numbers. Conversely, the column headed "Decreased Revenues" is the column where any reductions in existing revenues projected to occur as a result of the bill should be listed and shown as negative numbers. Preprinted negative signs are included in the decreased revenues column also.

For both Section II and Section III, the totals columns for those sections should then be the total of the discrete entries and retain the same sign.

(3) NET ANNUALIZED FISCAL IMPACT. A key piece of information to legislators who are considering proposed legislation is whether the legislation has a fiscal impact. A second critical item of information is, if there is a fiscal impact, the amount of the net annualized fiscal impact on state government and on local governments. Fiscal estimates in previous years have had a separate boxed section at the bottom of the fiscal estimate worksheet where the net annualized fiscal impact of the proposed legislation was to be calculated and then separately shown. In the current fiscal estimate form, this section has been changed significantly.

To accommodate the elimination of the so-called "checkbook" approach, to reduce the number of repetitious numbers shown at the bottom of the form, and, most importantly, to better highlight the "bottom line" fiscal impact of the proposal, the boxed summaries for the net fiscal impact have been eliminated. Instead, two columns are shown, one for the net annualized fiscal impact on state government and one for the net annualized fiscal impact on local governments. Further, in the new form, to eliminate confusion over the contrasting fiscal impacts of increased revenues versus increased costs, or decreased revenues versus decreased costs, fiscal estimate preparers are to simply add the increased and decreased costs and revenues and indicate those resultant amounts on the appropriate line, using a negative sign to indicate the net sum. In addition to eliminating the confusion over summing revenue impacts and cost impacts into a single number, the changed format will also better provide information on the revenue versus cost net fiscal impacts of the proposal.

IV. TECHNICAL MEMOS

Deficiencies in the bill draft. Sometimes when you analyze a bill for its fiscal effects you might detect an ambiguity or a mechanical deficiency. You can make a real contribution to the perfection of the bill if you call these deficiencies to the attention of the Legislative Reference Bureau and through the bureau to the requester. In such a case, electronically transmit the technical memo with the fiscal estimate, stating the changes in the bill that you think should be made to make the bill workable. Technical memos can be completed outside of the Fiscal Estimate System and added to the estimate assignment as an attachment to the system. However, be sure of your motives: the fact that you personally judge a bill to be a very bad idea does not make that bill technically deficient. In the technical memo, just as in the fiscal estimate, refrain from taking a stand on the issue and confine your comments to an objective statement of technical facts. Also, be sure to keep your technical remarks separate from the remarks that, as a fiscal estimate, are to be printed as an appendix to the bill. Please include the name and telephone number of the preparer of the memo.

When preparing a technical memo please always include both the LRB number (examples: LRB**-**4567/2 **...** technical memo on a bill, LRB**a**1234/1 **...** technical memo on bill as affected by a proposed amendment or LRB**s**0072/3 **...** technical memo on a substitute amendment) and the introduction number (if the bill draft has been introduced … example: AB-635).

A few examples of technical memos returned with fiscal estimates will illustrate the type of objections raised. Also, they show how helpful these memos are in drafting. The submittal of each of the following technical notes provided the impetus for the preparation and introduction of a substitute amendment clarifying the bill.

> *1977 AB-119:* A panel is a list of physicians, chiropractors, or podiatrists supplied by the employer. When an employee has the right to select any physician, chiropractor, or podiatrist there is no panel. It is suggested that in the amendment to s. 102.42 (4), Page 2, Line 15, the words "panel member" be deleted and the word "practitioner" be substituted. Likewise on Page 2, Line 21, it is suggested that the word "panel" be deleted.
>
> Under the present statute the employee has the absolute right to make a second choice of doctors for *treatment.* Under the proposed amendment, the employee would not. It is not known if it was the intention to restrict that right.
>
> *1977 AB-145*: There are three areas that would cause difficulties:
>
> (1) As written the X-POW designation could be used on any vehicle. This would be in conflict with those vehicles registered by weight. This could be corrected by adding the words "to register an automobile" after "application" and before "by" in line 7 of the proposal.
>
> (2) The lettering X-POW contains five spaces if used in full 3 1/16 inch letters. This would allow for only nine plates, numbers one to nine, unless the letters are reduced in size and "stacked" so they would be in a vertical position. If this option is not acceptable some other designation should be substituted.
>
> (3) It is assumed those wanting this type of registration plate are former members of the U.S. Armed Services. As this proposal is written any person, from any country, who was held as prisoner of war by any other country would be eligible for the registration plates specified in the proposal.

The following information was helpful to the LRB attorney and the requester in the legislative consideration of the bill:

1977 SB-138: 1. It would be helpful if the term "household" were defined.

2. If the tax liability is greater than zero, but less than *$25,* is it the intent to rebate $25 or the amount of the liability?

3. It would be impossible to meet the May 1, 1977, date for some 1976 returns either because they will not be processed by that time or because they will not have yet been filed. Thus, some rebates, if they are to be paid at all, would not be paid by the May 1 deadline.

4. Is it the intent to limit the rebate to Wisconsin residents? Part year?

5. If the rebate were considered to be a refund of state income taxes, it would be subject to state and federal income taxation for the 1977 return, especially if the taxpayer used the itemized deductions as opposed to the standard deduction.

To the extent that nonresidents and households with tax liability of less than $25 are not entitled to rebates, the $38 million estimate would have to be reduced.

The following information could have been conveyed by a technical memo or through other means of communication to the requester. It did NOT belong in a fiscal estimate:

1977 AB-346: It should be noted that from a technical standpoint the bill presents a potential for voter fraud. It allows an absentee ballot to be delivered to a residence (or some other address) where a voter who previously qualified under s. 6.30 (2) (b) is no longer qualified because of cure, death, or change of residence. Such a ballot could be cast fraudulently by another person.

Information to legislator and LRB attorney. A technical memo or informational memo may be used to submit information to the legislator who requested the bill draft and to the LRB attorney who drafted it. When this type of information is sent with the fiscal estimate, it is automatically forwarded by the Legislative Reference Bureau to the draft's requester (or the primary author if the bill has been introduced). A copy is also placed in the bill drafting file maintained by the bureau. Background and explanatory information has given requesters an opportunity to modify the bill before introduction or early in the legislative process, when the bill is most subject to change.

Any legislation that an agency would be required to administer should be made workable at this early stage, even if the agency is opposed to the policy aspects of the legislation. Often this is the Legislature's only opportunity to consider agency concerns relating to the administration of the legislation.

V. FISCAL ESTIMATE DIRECTIVES: STATUTE LAW

13.093 Reference of bills to joint committee on finance.

(2) (a) Any bill making an appropriation and any bill increasing or decreasing existing appropriations or state or general local government fiscal liability or revenues shall, before any vote is taken thereon by either house of the legislature if the bill is not referred to a standing committee, or before any public hearing is held before any standing committee or, if no public hearing is held, before any vote is taken by the committee, incorporate a reliable estimate of the anticipated change in appropriation authority or state or general local government fiscal liability or revenues under the bill, including to the extent possible a projection of such changes in future biennia. For purposes of this paragraph, a bill increasing or decreasing the liability or revenues of the unemployment reserve fund is considered to increase or decrease state fiscal liability or revenues. Except as otherwise provided by joint rules of the legislature, such estimates shall be made by the department or agency administering the appropriation or fund or collecting the revenue. The joint survey committee on retirement systems shall prepare the fiscal estimate with respect to the provisions of any bill referred to it which create or modify any system for, or make any provision for, the retirement of or payment of pensions to public officers or employees. When a fiscal estimate is prepared after the bill has been introduced, it shall be printed and distributed, as are amendments.

(b) Executive budget bills introduced under s.16.47 (1) are exempt from the fiscal estimate requirement under par. (a) but shall, if they contain a provision affecting a public retirement fund or providing a tax exemption, be analyzed as to those provisions by the respective joint survey committee. If such a bill contains a provision providing a tax exemption, the bill shall be simultaneously referred to the joint survey committee on tax exemptions and the joint committee on finance. The report of the joint survey committee on tax exemptions shall be prepared within 60 days of introduction for bills introduced under s. 16.47 (1).

(c) A bill containing penalty provisions is exempt from the fiscal estimate requirement under par. (a) if the bill contains no other provisions requiring a fiscal estimate under par. (a).

36.45 **(2)** When the board prepares a fiscal estimate under s. 13.093 (2) (a) with respect to the provisions of any bill that involves the appropriation of general purpose revenue to the board for a research or public service project, the board shall specify in its fiscal estimate the anticipated completion date of the project.

111.92 **(1)** (a) Any tentative agreement reached between the department, acting for the state, and any labor organization representing a collective bargaining unit specified in s. 111.825 (1) or (2) shall, after official ratification by the labor organization, be submitted by the department to the joint committee on employment relations, which shall hold a public hearing before its approval or disapproval. If the committee approves the tentative agreement, it shall introduce in a bill or companion bills, to be put on the calendar or referred to the appropriate scheduling committee of each house, that portion of the tentative agreement which requires legislative action for implementation, such as salary and wage adjustments, changes in fringe benefits, and any proposed amendments, deletions, or additions to existing law. Such bill or companion bills are not subject to ss. 13.093 (1), 13.50 (6) (a) and (b) and 16.47 (2). The committee may, however, submit suitable portions of the tentative agreement to appropriate legislative committees for advisory recommendations on the proposed terms. The committee shall accompany the introduction of such proposed legislation with a message that informs the legislature of the committee's concurrence with the matters under consideration and which recommends the passage of such legislation without change. If the joint committee on

employment relations does not approve the tentative agreement, it shall be returned to the parties for renegotiation. If the legislature does not adopt without change that portion of the tentative agreement introduced by the joint committee on employment relations, the tentative agreement shall be returned to the parties for renegotiation.

230.12 **(1)** (bf) *Legislative action.* Provisions of the compensation plan that the joint committee on employment relations approves which require legislative action for implementation, such as changes in fringe benefits and any proposed amendments, deletions or additions to existing law, shall be introduced by the committee in a bill or companion bills, to be put on the calendar. The bill or companion bills are not subject to ss. 13.093 (1), 13.50 (6) (a) and (b) and 16.47 (2). The committee may, however, submit suitable portions of the bill or companion bills to appropriate legislative committees for advisory recommendations on the proposed changes. The committee shall accompany the introduction of such proposed legislation with a message that informs the legislature of the committee's concurrence with the matters under consideration and which recommends the passage of such legislation without change. It is the intent of the legislature to make this process consistent with that set forth under s. 111.92.

234.93 **(3m)** EXTENSION OF LOAN GUARANTEE PROGRAM**.** When the authority prepares a fiscal estimate under s. 13.093 (2) (a) with respect to any bill that extends a program that is guaranteed by funds from the Wisconsin development reserve fund, the authority shall include in its fiscal estimate a projection for the next June 30, that compares the amounts required on that date to pay outstanding claims and to fund guarantees under all of the programs guaranteed by funds from the Wisconsin development reserve fund, and the balance remaining in the Wisconsin development reserve fund on that date after deducting such amounts, if the program is extended, with such amounts and the balance remaining if the program is not extended.

VI. FISCAL ESTIMATE DIRECTIVES: JOINT RULES

The fiscal estimate procedure under the joint rules of the Legislature is set forth in Joint Rules 41 to 50.

JOINT RULE 41. **When fiscal estimates required or permitted.** (1) (a) All bills making an appropriation and any bill increasing or decreasing existing appropriations or state or general local government fiscal liability or revenues shall carry a fiscal estimate.

(b) An executive budget bill introduced under section 16.47 (1) of the statutes is exempt from the fiscal estimate requirement under par. (a) but may, if it contains a provision affecting a public retirement system or providing a tax exemption, be analyzed as to that provision by the appropriate joint survey committee.

(c) For purposes of par. (a), a bill increasing or decreasing the liability or revenues of the unemployment reserve fund is considered to increase or decrease state fiscal liability or revenues.

(2) (a) Fiscal estimates are required on original bills only and not on substitute amendments or amendments.

(b) A bill containing a penalty provision is exempt from the fiscal estimate requirement if the bill contains no other provisions requiring a fiscal estimate under sub. (1) (a).

(3) (a) The joint committee on finance by the approval of a majority of its members, or either co-chairperson of the committee, may transmit electronically a request for the Legislative Fiscal Bureau, or through the Department of Administration for an appropriate state agency, to prepare a supplemental fiscal estimate on any bill or on a bill as affected by any proposed amendment or proposed substitute amendment if the committee or co-chairperson believes that the fiscal estimate on the bill, or on the bill as affected by the proposed amendment, would be substantially different from the fiscal estimate on the original bill. A supplemental fiscal estimate prepared under this paragraph shall be transmitted electronically to the Legislative Reference Bureau for reproduction and insertion in the bill jacket envelope.

(b) Upon a request of a bill's primary author, transmitted electronically unless directed otherwise by the presiding officer, the presiding officer of either house may transmit electronically a request through the Department of Administration for an appropriate state agency to prepare a supplemental fiscal estimate on any bill, or on a bill as affected by any proposed amendment or proposed substitute amendment, if the presiding officer believes that the fiscal estimate on the bill, or on the bill as affected by the proposed amendment, would be substantially different from the fiscal estimate on the original bill. Unless otherwise determined by the house in which the bill may be placed on the calendar, failure to receive a supplemental fiscal estimate requested under this paragraph on a bill that already has one or more original fiscal estimates shall not delay consideration of the bill. A supplemental fiscal estimate prepared under this paragraph shall be transmitted electronically to the Legislative Reference Bureau for reproduction and insertion in the bill jacket envelope.

(c) The Department of Administration may transmit electronically a supplemental fiscal estimate to the Legislative Reference Bureau for reproduction and insertion in the bill jacket envelope if the department disagrees with a fiscal estimate prepared by a state agency.

(d) In addition to the original estimates prepared by state agencies, the Department of Administration shall, if appropriate, transmit electronically to the Legislative Reference Bureau for review by the

requester under joint rule 48 and for reproduction and insertion in the bill jacket envelope, a consolidated fiscal estimate summarizing all original fiscal estimates prepared by state agencies relating to a specific bill.

(e) Any state agency may transmit electronically to the Department of Administration for transmission electronically to the Legislative Reference Bureau for review by the primary author of an introduced bill under joint rule 48 and for reproduction and insertion in the bill jacket envelope an updated fiscal estimate supplementing the original estimate on any bill if the agency has available better or more current information.

(f) The Legislative Fiscal Bureau or the Department of Administration shall, if it receives an electronic request under joint rule 48 (3), prepare a supplemental fiscal estimate. If a supplemental fiscal estimate is requested electronically the fiscal bureau or the department shall transmit electronically the prepared supplemental fiscal estimate to the Legislative Reference Bureau for reproduction and insertion in the bill jacket envelope.

(g) A state agency shall transmit electronically any fiscal estimate requested electronically under joint rule 48 (2) to the Department of Administration for transmission electronically to the Legislative Reference Bureau for review by the primary author under joint rule 48 and for reproduction and insertion in the bill jacket envelope.

(h) Any state agency may rewrite its original fiscal estimate as provided under joint rule 48 (4).

(i) The Department of Administration may correct any fiscal estimate prepared by a state agency as provided under joint rule 46 (5).

JOINT RULE 42. **General procedures**. (1) (a) Fiscal estimates shall be prepared by all state agencies receiving the appropriation, collecting the revenue, administering the program or having information concerning the subject matter of the bill. Bills containing provisions for both appropriations and revenues or either appropriations or revenues for more than one state agency shall receive estimates from each such agency.

(b) In addition, the Department of Administration shall, when appropriate, prepare a consolidated fiscal estimate as required under joint rule 41(3) (d).

(c) For bills with a fiscal impact on general local government, the Department of Administration shall obtain the requisite information from all appropriate state agencies.

(2) The name of the state agency preparing the estimate, and the date, shall be reproduced at the end of the estimate. The estimate shall also include the name and telephone number of a responsible official of the agency.

(3) Each state agency shall prepare the fiscal estimate within five working days from the date on which it receives the bill, but the Department of Administration, on a limited basis only and upon an agency's request received before the end of the five-day period and applicable to only one fiscal estimate, may extend the period for the specified fiscal estimate to not more than ten working days if the bill necessitates extended research. Whenever the extension is granted, the Department of Administration shall immediately notify the Legislative Reference Bureau.

(4) The state agencies are requested to use the bills, substitute amendments and amendments transmitted to them for official purposes only. In particular, no state agency may copy, or otherwise disseminate information regarding, any bill, substitute amendment or amendment submitted to it by

"LRB" number, indicating that the bill, substitute amendment or amendment transmitted has not been offered or introduced in the legislature.

JOINT RULE 43. **Reliable dollar estimate.** The estimate shall be factual in nature, and shall provide as reliable a dollar estimate as possible. The fiscal estimate shall contain, a statement setting forth the assumptions used in arriving at the dollar estimate. Identification of technical or policy problems in the bill shall not be included in the estimate but should be transmitted electronically and separately in a technical memorandum.

JOINT RULE 44. **Bill jackets to display "FE."** (1) The jackets of all bills carrying a fiscal estimate shall have the initials "FE" displayed on them.

(2) (a) The preliminary determination of whether the bill requires a fiscal estimate shall be made by the Legislative Reference Bureau which except as otherwise provided in joint rule 54 (2m), shall indicate that a bill requires a fiscal estimate by displaying "FE" prominently on the jacket.

(b) No jacket on which the "FE" symbol has been defaced may be accepted for introduction unless the deletion of the "FE" symbol has been initialed by the chief or the director of legislative attorneys of the Legislative Reference Bureau.

JOINT RULE 45. **Duties of Legislative Reference Bureau.** (1) After a proposed bill has been drafted the Legislative Reference Bureau shall inform the requester that a fiscal estimate is required when it submits the draft to the requester. If authorized by the requester, the bureau shall promptly transmit electronically the proposed bill to the Department of Administration for preparation of a fiscal estimate. The requester may introduce the bill without the fiscal estimate, but when such a bill is introduced the Legislative Reference Bureau shall promptly transmit electronically a copy of the bill to the Department of Administration for preparation of a fiscal estimate. The Legislative Reference Bureau shall keep a record of the date on which each bill is thus transmitted electronically and its number.

(2) If the fiscal estimate is procured before the bill is introduced, the Legislative Reference Bureau shall transmit electronically a copy of the estimate to the requester. If the requester desires to introduce the bill, the reference bureau shall place the estimate and any worksheet at the end of the bill or in the jacket envelope, and prepare the bill for introduction. The fiscal estimate and any worksheet shall be reproduced at the end of the bill or as an appendix as are amendments. If the fiscal estimate is transmitted electronically to the Legislative Reference Bureau after the bill has been introduced the Legislative Reference Bureau shall transmit electronically a copy of the estimate and any worksheet to the primary author of the introduced bill as provided under joint rule 48.

(3) The chief clerk shall enter in the history file for a bill the dates when a fiscal estimate on an original bill is published, when a fiscal estimate on any bill as amended or as amended by any proposed amendment or substitute amendment is published, when a supplemental fiscal estimate is published and when a memorandum under joint rule 47 is inserted in the bill jacket. If a fiscal estimate is requested after the bill is introduced, the chief clerk shall enter in the history file for the bill the dates when a fiscal estimate on an original bill is requested, when a fiscal estimate on any bill as amended or as amended by any proposed amendment or substitute amendment is requested, and when a supplemental fiscal estimate is requested.

JOINT RULE 46. **Duties of Department of Administration and state agencies.** (1) The Department of Administration shall promptly review each bill received, determine all of the agencies that shall prepare a fiscal estimate, and transmit electronically the fiscal estimate request to those agencies, keeping a record of the date of electronic transmission to and electronic receipt from the agencies and the number of the bill.

2) The state agency shall prepare the estimate and any worksheet and such copies as are specified by the Department of Administration. It shall transmit electronically the estimate and any worksheet and the bill within five working days to the Department of Administration unless the Department of Administration, under joint rule 42 (3), extends the period for preparation of the estimate. The Department of Administration shall notify electronically the state agency of any bill not transmitted electronically to the Department of Administration within the deadline.

(3) The Department of Administration shall promptly transmit electronically all fiscal estimates and any worksheets to the Legislative Reference Bureau, retaining one copy of each estimate and worksheet.

(4) The Department of Administration shall, when requested under joint rule 48 (3), prepare a supplemental fiscal estimate, and shall transmit electronically the supplemental fiscal estimate to the Legislative Reference Bureau for reproduction and insertion in the bill jacket envelope.

(5) The Department of Administration may correct any computation or other clerical error in a fiscal estimate prepared by an agency but may not make any substantive change. If the department makes such a correction it shall note on the fiscal estimate prepared by the agency the manner in which it has been corrected by the department and shall transmit electronically both the corrected and uncorrected fiscal estimates to the Legislative Reference Bureau.

JOINT RULE 47. **Duties of joint committee on finance.** The joint committee on finance may by the vote of a majority of its members direct that any Legislative Fiscal Bureau memorandum on a bill referred to the committee, other than a budget bill, be inserted in the bill jacket envelope. If the committee so directs, an electronic copy of the memorandum shall be distributed to all legislators and to the Legislative Reference Bureau.

JOINT RULE 48. **Review of agency prepared fiscal estimates.** (1) On the sixth working day after the Legislative Reference Bureau transmits electronically a copy a copy of a fiscal estimate for an introduced bill to the primary author, the bureau shall transmit electronically a copy of the fiscal estimate and any worksheet to the Legislative Fiscal Bureau and to the chief clerk of the house of origin to be inserted in the bill jacket envelope and shall forthwith cause the estimate and any worksheet to be reproduced as are amendments.

(2) During the five-day period under sub. (1), the primary author of an introduced bill may transmit electronically a request that an original fiscal estimate for the bill as affected by a proposed amendment or a proposed substitute amendment, whether offered for introduction or not, be prepared by the agency that prepared the fiscal estimate for the bill.

(3) The primary author of an introduced bill may transmit electronically a request that the Legislative Fiscal Bureau or the Department of Administration prepare a supplemental fiscal estimate if the primary author disagrees with the fiscal estimate for the bill prepared by the state agency.

(4) During the five-day period under sub. (1), the primary author of an introduced bill may transmit electronically a request that the agency that prepared the fiscal estimate rewrite its fiscal estimate. If the agency agrees to rewrite the estimate and the primary author agrees to a delay in the publication of the

fiscal estimate, the agency shall immediately electronically notify the Department of Administration and the Legislative Reference Bureau and the rewritten fiscal estimate, notwithstanding sub. (1), shall be the only original estimate reproduced and inserted in the bill jacket envelope, but both the rewritten and the initial fiscal estimate shall be retained by the Legislative Reference Bureau.

JOINT RULE 49. **Bills not conforming.** (1) Any member may at any time that a bill is before the house raise the issue that the bill requires a fiscal estimate, and if the presiding officer determines that the bill (not having the estimate) requires an estimate, the presiding officer shall direct the Legislative Reference Bureau to secure the requisite estimate.

(2) Bills requiring fiscal estimates shall not be voted on by either house, and shall receive neither a public hearing nor be voted on by a standing committee, before the receipt of the original fiscal estimate for the bill.

(3) If the fiscal estimate for the bill has not been provided to the members when the vote on passage is taken, the chief clerk shall read the fiscal estimate at length before the vote.

JOINT RULE 50. **Waiver of requirement to transmit electronically.** The president and the speaker may jointly waive for a limited time any requirement under Joint Rules 41, 43, 45, 46, 47, and 48 for electronic transmission and permit, instead, transmission in paper form.

VII. FISCAL ESTIMATE DIRECTIVES: SENATE RULES

The fiscal estimate procedure under the Senate Rules set forth in Senate Rule 96.

SENATE RULE 96. (1) The committee on senate organization may request from the legislative fiscal bureau an original fiscal estimate on any bill if the committee believes that a fiscal estimate on the bill will not be completed by the state agency assigned to prepare the fiscal estimate before the bill receives a public hearing, is voted on by a senate standing committee, or is considered by the senate.

(2) An original fiscal estimate prepared under sub. (1) shall be submitted to the legislative reference bureau for review by the requester under joint rule 48 and for reproduction and insertion in the bill jacket envelope. The fiscal estimate, however, may not be reproduced or inserted if the fiscal estimate prepared by the state agency is available for reproduction and insertion before the fiscal estimate prepared under sub. (1).

(3) Unless otherwise determined by the senate, failure to receive a fiscal estimate requested under sub. (1) on a bill that already has one or more original fiscal estimates shall not delay consideration of the bill. Unless otherwise determined by the senate, failure to receive a fiscal estimate requested other than under sub. (1) on a bill that already has one or more original fiscal estimates requested under sub. (1) shall not delay consideration of the bill.

APPENDIX

Sample Fiscal Estimate Narratives

1. *Fiscal estimate to a bill increasing the costs of state government.* The bill would supply a free copy of the Wisconsin statutes to every public library in Wisconsin that has a circulating collection of 5,000 volumes or more:

> Wisconsin has 311 libraries with circulating collections of 5,000 volumes or more. A set of the statutes costs $90; in addition, the state incurs $1.85 shipping costs. The next edition of the statutes will become available in January 1997. It is assumed that the number of libraries, the cost of the books, and the shipping charges will remain unchanged from the previous edition. Because the statutes are printed every two years, 50% of the total cost is the annualized fiscal effect.

2. *Fiscal estimate to a bill increasing the revenues of state government.* The bill would increase the price of a resident fishing license from $3 to $4:

> The department issues about 700,000 resident fishing licenses each year. If the cost of the license is increased by $1, revenues would increase $700,000 annually, less any decline in the number of licenses sold caused by the increased price. The additional revenue would be credited to the Conservation Fund. The cost of administration would not be affected.

3. *Fiscal estimate to a bill increasing both the costs and the revenues of state government.* The bill would create a radio and television announcers examining board issuing annual licenses to the practitioners at $10 each:

> Wisconsin's 18 television and 165 radio stations, estimating an average of eight announcers per television station and three announcers per radio station, have an estimated total of 640 television and radio announcers.
>
> Administrative costs would include actual and necessary expenses plus about ten per diems each ($25) for the three members of the examining board, and the one-quarter - time services of a typist to be furnished by the Department of Regulation and Licensing.

4. *Fiscal estimate indicating the range of the estimated gain or loss.* The bill related to legislative fee remissions in the University of Wisconsin System.

> This proposal repeals the authorization to each senator and each representative to designate one out-of-state student in the University of Wisconsin System for remission of his or her nonresident tuition.
>
> The revenue impact of this bill would depend on its effect on enrollments. The impact is uncertain. If the students receiving the scholarships are dependent on the tuition remission for entrance to or continuation in the UW System, the repeal of this remission category would cause a loss of the revenue currently collected from academic fees charged to all students. Additional program revenue could be generated under this proposal if the 132 nonresident students continue to enroll despite the added tuition charge.
>
> The net effect of enrollment changes and increased charges would probably fall in a range from a $465,500 fee revenue *loss* to a $1,186,200 revenue <u>gain</u>, annually. The lower estimate assumes that about 100 students (75% of the legislative remissions) would

discontinue or not enter a program in Wisconsin (100 students times $4,655 average resident academic fee not paid). The high revenue estimate assumes 100 students would pay the nonresident fee ($11,862 average).

Changes in tuition rates in subsequent years will increase the amounts of revenue lost or gained.

5. *Fiscal estimate showing good use of data from other state agencies, rather than just "guesstimating."* The bill would create a builders examining board.

Based on statistics collected by the department, this bill would affect approximately 2,053 general contractors and 4,971 specialty contractors, or a total of 7,024 contractors.

It is estimated that, initially, it will take one attorney, one code development specialist, five regional field investigators, and two clerk-typists to monitor and enforce the law. Staff estimates are based on information supplied by the Department of Agriculture, Trade and Consumer Protection and the Department of Regulation and Licensing for enforcing similar programs.

The first phase would consist of developing a program and method to notify all general contractors and specialty contractors about the law, establishing the five-member Builders Examining Board, developing the necessary registration forms, and promulgating procedural rules to enforce the law.

The second phase would consist of program enforcement, registration of builders, and investigation and disciplinary action resulting from noncompliance.

It is estimated that out of 15,000 housing projects per fiscal year, 10%, or approximately 1,500, will result in a claims procedure and an investigation which may require the board to initiate proceedings to determine the validity of the claim and which may require further disciplinary action. It is estimated that board expenses for the first fiscal year will cost between $700 and $1,000 per board member, or a total of $5,000.

No estimate is included by this department for the fiscal impact this bill might have on the Attorney General's office.

6. *Fiscal estimate setting out detailed assumptions when the needed experience data is not available.* The bill provides scholarship aids and business and economic development grants and loans to minority group members. The practice of setting out detailed assumptions permits the Legislature to better determine the effects of proposed changes to the bill. In addition, the long-range estimate is important if the full-annualized effect does not show the entire fiscal effect of a bill.

This proposal creates a program of scholarship aids for minority group members to be administered by the State Superintendent.

Scholarship aids will be paid for post-high school education for minorities who live in an urban area of the state and whose income level is below $2,000 plus $600 for each dependent. Grants not to exceed $1,500 per year are available under this proposal.

There were 69,621 minority students enrolled in the public schools in Wisconsin in 1994-95. There is, however, no data on the number of minority students from urban areas attending post-secondary educational institutions. An estimate may be arrived by assuming that 4,640

students (one-fifteenth of the total) will graduate this year, and that three-quarters or 3,480 of these students reside in urban areas. Assuming that one-third or 1,160 of the urban minority high school graduates will enter postsecondary education and that 50% of the 1,160 students will be eligible for a grant under this program because they have incomes of less than $2,000, an estimated 580 minority students would be eligible.

Although the maximum grant is $1,500, we are assuming that the average grant will equal $1,200 in as much as the grant will be based on financial needs.

We also assume that it will be necessary to provide staff members to administer this program so we are including one educational services assistant, plus one Typist II.

LONG-RANGE FISCAL IMPLICATIONS: This proposal provides for grants to be continued for a five-year period. It is reasonable to assume that the annual scholarship grants will double in the second year, increasing to four times the annual cost in the fourth year.

7. *Fiscal estimate providing the available data from which the assumptions were made and setting out the assumptions used.* The bill required the Department of Natural Resources to conduct a hearing to determine compliance with state solid waste disposal standards before ordering a solid waste site to close or conduct tests.

The number of orders issued per year have ranged from 60 to 260 since 1973, but the current average orders issued per year is approximately 60. Of the current 60 orders issued per year, hearings are held on approximately 15.

It is estimated that AB-42l would increase the number of hearings per year to 60, or an increase of 45 hearings per year. The increased workload would require an additional attorney, hydrogeologist, two natural resource specialists, a typist and their support costs. The increased personnel needs are based on the following assumptions that are based on actual experience:

A typical hearing is one and one-half days in duration. Actual range varies from one to five days. Approximately 20% of cases are now appealed after Department of Natural Resources hearing. Transcript preparation time is now about seven hours clerical for each recorded hour on tape. One full day hearing will have six to eight recorded hours.

See attached schedule for all associated work for requested personnel.

8. *Fiscal estimate setting out the estimate for each part of the bill and giving the facts behind each part of the estimate.* The bill makes various changes in the laws administered by the Department of Agriculture, Trade and Consumer Protection. Setting out the estimate for each part of the bill facilitates the consideration of the bill by the Legislature.

(1) Abolishes council on locker plants. No fiscal effect - council has not met for several years, thus no expense in present base.

(2) Eliminating the requirement to prepare lists of owners of bee colonies. No fiscal effect list has not been prepared, thus no expense in present base.

3)Eliminates state aid to county fairs to promote horse harness racing. No fiscal effect - aid has not previously been paid for this category, thus no expense in present base.

(4) Changes various provisions dealing with vaccination and control of animal brucellosis and T.B. No fiscal effect.

(5) Revising certain labeling requirements. No fiscal effect.

(6) Changing duration of certain license categories from one year to two. Decreases expenditures on an annual basis by $700 ($400 postage, $300 printing). License base is 6,000.

(7) Extension of authority to hold products for further inspection. No fiscal effect.

9. *Fiscal estimate providing information requiring speculation.* The bill exempts solar energy home heating systems and electricity generating devices from the property tax. This fiscal estimate, on a subject that requires a fair amount of speculation, identifies the areas where the fiscal impact would occur and specifies the expected range of the impact. Similarly, the long-range estimate sets forth the expected trend in the future. While it certainly is *not* the intention of the Legislature to encourage generalities in fiscal estimates when specific details are possible, it seems that this subject can be approached only on this basis. The approach used is far better than a statement that the estimate cannot be determined because the needed data is unavailable. However, there is a strong preference of the Legislature that whenever possible, after identifying the cost range, an agency should indicate its best guess within that range as to a specific dollar range. (It could be the midpoint or the high or low estimate and so it should state in its assumptions.)

The short-run (1997-99 biennium) annual fiscal impact is arrived at as follows:

1. *Loss of Tax Revenue.* Based on reports of no more than 10,000 residential solar heating/cooling applications nationwide, nor more than 200 in Wisconsin, on an estimated cost of application of between $6,000 and $10,000, and on a possible tenfold increase in applications by 1997, the value of tax-exempt property involved, on a cost basis, could be about $15 million. Under normal assessment practices based on market value of an entire real estate parcel, it is unlikely that the rise in property value would be as great as the costs of the solar devices, so that between $8 million and $12 million of potential tax base could be lost.

The short-run impact of exemptions for electricity generation devices such as windmills is not expected to be significant. This is because such devices are still largely experimental in nature and may not add to the market value of property on which they are sited.

Based on 1994 average local property tax rates, the annual local tax revenue shift would be between $217,000 and $326,000. The state would lose about $2,000 in forestry tax revenue to the Conservation Fund.

2. *Administrative Costs.* The mechanism needed to provide Department of Revenue approval to local assessors for exemptions may be expected to impose administrative costs at the state level. Processing costs to the department could involve the equivalent of a one-forth time position for an annualized cost of $4,600 including salary and overhead. Workload on district revenue offices would increase but would not initially require increased staff.

There will also be implementation costs at the local level since sales data will be needed to value parcels using tax exempt solar energy or electricity generating devices as though these tax exempt devices were not present. These costs will add to the workload of all local assessment staffs, but initially, this workload could be absorbed by present levels of staff.

LONG-RANGE FISCAL IMPLICATIONS: Because the proposed exemptions are permanent rather than temporary, the long-range impacts of this proposal will be cumulatively greater and greater as the use of these energy conversion devices becomes more widespread. It is not possible at this time to estimate the long-run impact of this proposal, except to say that it could involve much larger annual losses of revenue.

10. *Fiscal estimate based on another state's actual experience.* The information is very useful in showing both the estimated initial and estimated future costs and revenues. The bill provides for the issuance of identification cards to those not having a driver's license.

(1) Estimated effective date - January 1, 1998.

(2) Minnesota has a law similar to this bill, except that persons over 65 do not have to renew and those under 65 have to renew every four years. Their experience has been:

1990 - 8,819	of which	3,000 are over 65
1991 - 15,734	of which	4,200 are over 65
1992 - 21,431	of which	5,000 are over 65
1993 - 27,653	of which	5,500 are over 65
1994 - 34,679	of which	7,500 are over 65

(3) Start-up costs would be $6,200 for programming and computer time. Administrative costs would be $.186 for data processing, $.14 for other personnel costs per registration, and $.15 for mailing the identification card, and another $.15 when renewal notices are sent.

Conclusions: Based on Minnesota's experience, adjusted to a two-year renewal for registrants, results in the following estimated fiscal impact for Wisconsin:

Identification Cards

	New	Renewal	Total	Revenues	Costs
1997-98	10,200		10,200	$20,200	$10,100
1998-99	18,300		18,300	36,600	8,700
1999-00	24,900	9,200	34,100	59,000	17,800
2000-01	32,100	16,500	48,600	80,700	25,900
2001-02	33,500	30,700	64,200	97,700	35,700

It is assumed some persons who would have obtained identification cards from Registers of Deeds would get the identification card authorized by this bill. The fiscal effect on local governments is not known, but is expected to be small.

LONG-RANGE FISCAL IMPLICATIONS: Minnesota has increased new issuances steadily since the identification card was adopted. This is expected to be repeated in Wisconsin.

11. *Fiscal estimate using another state's actual experience.* The bill relates to farmland and open space development rights agreements. The estimate shows both the possible maximum cost and the agency's best estimate of the cost and states the assumptions used in preparing the estimate. These types of fiscal information facilitate the Legislature's development of the bill.

Individual Income Tax: (100% State GPR Cost) Based on the Wisconsin Tax Model (a sample of 1994 returns), it is estimated that 100% participation by farmers in land development rights agreements would result in credit/refunds of approximately $68.6 million in 1997-98. Based on the participation rate in Michigan, which has had a similar plan for several years, it is estimated that the credit/refund would be approximately $0.9 million in 1997-98 (1.3% participation rate).

Based on the Michigan experience, it is anticipated that in the short term (for example, 1997-98 and 1998-99) the cost of the credit/refund would be about $1.0 million annually. In five years or so, it is anticipated that (based on participation of other programs in other states that have been in effect for a number of years) the Wisconsin participation rate could easily achieve 20%, and 50% participation is well within the realm of possibilities. Based on the 1997-98 estimate for 100% participation, $34.3 million annually, plus or minus the impact of changes in farmer income and property taxes between now and five years from now when the 20% to 50% participation rate is attained.

Corporation Franchise and Income Tax: (100% State GPR Cost) The credit/refund for corporations will be less significant for corporations than for individuals because for individuals the credit/refund is based on property taxes in excess of 7% of Wisconsin adjusted gross income (which is after the deduction of farm expenses) whereas the credit/refund for corporations is based on 7% of gross income (before any deductions for expenses). Given the differences in the definitions, it appears unlikely that corporations would qualify for any significant amounts of credit/refunds under this bill.

Property Tax: Although sufficient information upon which to base an estimate is not available, it is anticipated that the state reimbursement (100% state GPR cost) to county and town governments for property taxes lost by the exemption of the value of development rights for property located in towns would be relatively insignificant (less than $100,000 annually) both in the short run and the long run. The state reimbursement to counties, villages, and cities for property located in villages and cities would be relatively insignificant in the 1997-98 biennium and would not exceed $2 million or so annually in the long run. The bill does not provide state reimbursement for school levies.

12. *Fiscal estimate providing a sample of the fiscal effect on five cities in a case where statewide data is unavailable.* The bill relates to special elections to fill vacancies in city offices.

This bill requires vacancies in city council and mayoral offices to be filled at a special election if a primary election is not scheduled for the office in question within three months of the date on which the vacancy occurs. The fiscal effect of this bill on cities is indeterminable.

There is no statewide data available on the number of vacancies in city council and mayoral offices that have occurred in the past, so there is no way to project the number of such vacancies that will likely occur in the future. Therefore, the exact fiscal effect of this bill on cities is indeterminable.

It is possible, however, to provide estimates of the potential costs to an individual city for holding a special election. The following cities have provided rough cost estimates. If a primary election is needed, these estimates will double.

Platteville:	at-large aldermanic election = $900-$1,000; regular aldermanic election = $500-$600.
Menasha:	mayoral election = $600-$700; aldermanic election = $200.
Milwaukee:	mayoral election = $80,000-$100,000; aldermanic election = $5,000-$5,500.
Stevens Point:	mayoral election = $2,500; aldermanic election = $380-$400.
Madison	mayoral election = $14,000; single aldermanic district election = $2,500.

The above cost estimates include printing and publication costs, payments to poll workers, set-up of polling machines, and rental of buildings for polling places.

Wisconsin Department of Administration
Division of Executive Budget and Finance
DOA-2048 (R07/2000)

Fiscal Estimate - 2001 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **01-0220/1**	Introduction Number **AB-344**

Subject

Motor vehicle fuel tax rate

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

☐ GPR ☐ FED ☐ PRO ☐ PRS ☒ SEG ☐ SEGS

Affected Ch. 20 Appropriations

20.566 (1) (u)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives
DOR 5/7/01

LRB Number **01-0220/1**	Introduction Number **AB-344**	Estimate Type **Original**
Subject		
Motor vehicle fuel tax rate		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Department of Revenue, annually on April 1, adjusts the tax rate on motor vehicle fuel by the rate of inflation the prior year. This bill eliminates that annual adjustment, with a retroactive effective date that would eliminate the rate adjustment that occurred on April 1, 2001.

On April 1, 2001, the motor vehicles fuel tax rate was raised from 26.4 cents to 27.3 cents per gallon. Restoring the rate in effect prior to April 1, 2001, and eliminating the rate adjustment that would occur on April 1, 2002, would reduce motor vehicle fuel tax revenues by $35.35 million in FY02 and $ 60.81 million in FY03. In addition, tax revenue loss for the period April 1 through June 30 of FY01, would be $8.6 million.

The Department would incur one-time costs of $50,000 to process refunds for tax paid at the higher rate since April 1.

Long-Range Fiscal Implications

Wisconsin Department of Administration
Division of Executive Budget and Finance
DOA-2047 (R07/2000)

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **01-0220/1**	Introduction Number **AB-344**

Subject

Motor vehicle fuel tax rate

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

$50,000 expenditures and - $8.6 million in SEG revenues

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, ets.)

	Increased Rev	Decreased Rev
GPR Taxes	$	$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S (Transportation)		-35,350,000
TOTAL State Revenues	**$**	**$-35,350,000**

NET ANNUALIZED FISCAL IMPACT

	State	Local
NET CHANGE IN COSTS	$	$
NET CHANGE IN REVENUE	$-35,350,000	$$

Agency/Prepared By	**Authorized Signature**	**Date**
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