

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-2025/1</b>	<b>Introduction Number</b> <b>AB-161</b>
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**Subject**  
 Local government online bidding procedures

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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**Local:**

No Local Government Costs  
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s.20.505(1)(kf)	

<b>Agency/Prepared By</b> DOA/ Mary Massey (608) 267-2099	<b>Authorized Signature</b> Martha Kerner (608) 266-1359	<b>Date</b> 3/8/2005
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## Fiscal Estimate Narratives

DOA 3/9/2005

LRB Number	05-2025/1	Introduction Number	AB-161	Estimate Type	Original
<b>Subject</b>					
Local government online bidding procedures					

### Assumptions Used in Arriving at Fiscal Estimate

The bill directs DOA to maintain a system for solicitation of bids for state procurements through use of an electronic auction and to prescribe, by rule, procedures whereby counties, municipalities, school districts, and other local governments are permitted to use the system for making their procurements upon payment of a reasonable fee prescribed by DOA.

The State of Wisconsin does not have an electronic auction system in place; consequently, the exact cost of such a system could only be determined through a Request for Proposals (RFP) process or an analysis of the ability of state employees to design, build and maintain a system.

Nonetheless, other states offer similar systems and their costs may be instructive in determining the fiscal effect of this bill. Minnesota uses an electronic auction system for state and local procurements. State of Minnesota staff indicates that state issued an RFP to obtain a license for an electronic auction system. The license covers the use of the system and maintenance. A five-year license was purchased at the cost of \$70,000 per year (\$350,000 total). Additionally, the State of Minnesota has dedicated 1.0 FTE to operate the system.

Other states purchase the use of electronic auction services from vendors on a case by case basis. The Commonwealth of Massachusetts pays its vendor as little as \$3,000 per auction. Depending upon the complexity of the auction and the services provided, other states may pay as much as \$10,000 per auction.

The bill permits, but does not require, Wisconsin state agencies and local units of government to use the electronic auction system. No data exists to project how many auctions might actually be held using the system. Consequently local costs and savings cannot be determined at this time.

The bill requires DOA to prescribe, by rule, procedures whereby counties, municipalities, school districts, and other local governments are permitted to use the system for making their procurements upon payment of a reasonable fee prescribed by DOA. The amount of staff time required to promulgate the rule will be determined by its complexity and may range from 80-120 hours.

The bill also requires DOA to provide to the Department of Workforce Development (DWD) any information obtained through the use of an electronic auction concerning certain wage data. The amount of time needed to process and report the data would depend upon the number of auctions from which such data is available. It is unclear how many auctions would contain reportable data; consequently, the cost of processing and reporting data is indeterminate.

### Long-Range Fiscal Implications

Unknown