



**Fiscal Estimate Narratives**  
**COMM 10/3/2005**

|                                    |                                   |                               |
|------------------------------------|-----------------------------------|-------------------------------|
| LRB Number <b>05-1158/2</b>        | Introduction Number <b>AB-704</b> | Estimate Type <b>Original</b> |
| <b>Subject</b><br>Job preservation |                                   |                               |

**Assumptions Used in Arriving at Fiscal Estimate**

Under AB-704, companies based in the United States that eliminate at least 100 employees and transfer their jobs outside of the United States are no longer eligible to receive tax credits, property tax exemptions and grants or loans from the state or local units of government. Further, these companies are barred from entering into a contract with the state or any local unit of government to perform construction, re-modeling or repair work or to provide goods or services.

This bill requires companies, which do business in Wisconsin and are subject to the provisions of AB-704, to self-report that information to the Department. The Department is required to survey companies affected by this bill, and to create a listing of those companies. The bill also requires the Department to promulgate administrative rules to implement the provisions of the bill.

The Department does not estimate that it could absorb the additional workload associated with this bill given current staffing levels. The Department anticipates it will need an additional 1.0 FTE Community Services Specialist position to administer this program. According to the Department of Workforce Development, over a five year average, 52 Wisconsin businesses issue lay off or job elimination notices affecting at least 100 employees in a year. According to U.S. Census records, Wisconsin has 5,047 companies that could potentially be affected by this bill, while the nation as a whole has 102,671 companies that could potentially be affected by AB-704.

The Department estimates that the workload generated by this bill will necessitate hiring a specialist that can serve as a point of contact for companies, state agencies, local units of government and state and local officials that have questions regarding this legislation. In addition, the incumbent will need to publicize the program, create all necessary forms, design surveys, perform all necessary reporting, maintain and update the required listing of companies, consult on administrative rules as needed and perform all correspondence as mandated under the bill. The Department will also necessitate an increase in its supplies and services to account for mailing, telephone and IT-related costs. These amounts are estimated below.

The annualized costs for an entry level Community Services Specialist position, which are detailed below, are currently \$48,900. The Department also anticipates one-time costs of \$7,000 for the Community Services Specialist position for a computer, workstation and IT applications development.

**1.0 FTE Community Services Specialist**

Salary + Fringe: \$44,900  
Supplies and Services: \$ 4,000  
One Time Costs: \$ 7,000

Total annualized costs: \$48,900

It is unclear what effect this bill will have on local units of government. Under this bill, local units of government are prohibited from entering into contracts with companies affected under the provisions of AB 704. However, this bill does not require local units of government to verify that companies they do business with or make awards to are not affected by the provisions of this bill. Local officials may choose to verify that information by contacting the Department.

## Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |  |  |                 |
|--|--|--|-----------------|
| <b>LRB Number</b> 05-1158/2  |  | <b>Introduction Number</b> AB-704              |                 |
| <b>Subject</b>   |  |  |                 |
| Job preservation   |  |  |                 |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>                                |  |  |                 |
| 7,000  |  |  |                 |
| <b>II. Annualized Costs:</b>   |  | <b>Annualized Fiscal Impact on funds from:</b> |                 |
|  |  | Increased Costs                                | Decreased Costs |
| <b>A. State Costs by Category</b>  |  |  |                 |
| State Operations - Salaries and Fringes  |  | \$44,900                                       |                 |
| (FTE Position Changes)   |  | (1.0 FTE)                                      |                 |
| State Operations - Other Costs   |  | 4,000  |                 |
| Local Assistance   |  |  |                 |
| Aids to Individuals or Organizations   |  |  |                 |
| <b>TOTAL State Costs by Category</b>   |  | <b>\$48,900</b>                                | <b>\$</b>       |
| <b>B. State Costs by Source of Funds</b>   |  |  |                 |
| GPR  |  | 48,900   |                 |
| FED  |  |  |                 |
| PRO/PRS  |  |  |                 |
| SEG/SEG-S  |  |  |                 |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b> |  |  |                 |
|  |  | Increased Rev                                  | Decreased Rev   |
| GPR Taxes  |  | \$   | \$              |
| GPR Earned   |  |  |                 |
| FED  |  |  |                 |
| PRO/PRS  |  |  |                 |
| SEG/SEG-S  |  |  |                 |
| <b>TOTAL State Revenues</b>  |  | <b>\$</b>                                      | <b>\$</b>       |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |  |  |                 |
|  |  | State  | Local           |
| NET CHANGE IN COSTS  |  | \$48,900                                       | \$              |
| NET CHANGE IN REVENUE  |  | \$   | \$              |
| <b>Agency/Prepared By</b>  |  | <b>Authorized Signature</b>                    | <b>Date</b>     |
| COMM/ Landon Williams (608) 267-9382   |  | Louie Cornelius (608) 266-8629                 | 9/30/2005       |