

Transportation

Motor Vehicles

(LFB Budget Summary Document: Page 597)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Extended License Renewal Cycle (Paper #860)
2(part)	Operator's License and Identification Card Fee Increases (Paper #861)
6	Digitized Driver's License Technology (Paper #862)
7	Increased License Plate Costs (Paper #863)
-	Single License Plate (Paper #864)
12	Enhanced Driver Education (Paper #865)
13	Third-Party Skills Testing for Class D Operator's Licenses (Paper #866)
14	Special License Plate Issuance Fees (Paper #867)
16,17	Registration and Titling Exemption for Certain Mobile Homes and Consolidation of Registration Categories for Camping Trailers and Mobile Homes (Paper #868)
19	Miscellaneous Budget Adjustments (Paper #869)
25	Sale of Accident and Citation Records (Paper #870)

Budget Memo

Agency: WisDOT - Motor Vehicles

Staff Recommendations:

Paper No. 860: Alternative 1 *Jensen - 2*

Comments: Go with the gov here. The 6 year renewal cycle seems reasonable. The vision problem issue is answered in paragraph 5, and the knowledge test issue is answered in paragraph 9. Plus, implementing a 6 year period gets you a one-time revenue increase to play with. 8 years would probably be too long.

Paper No. 861: Alternative 1

Comments: The gov's fee increase recommendations seem reasonable without being unduly burdensome. But, any of the alternatives would probably be ok - except FB makes a case against alt 4 in paragraphs 4 & 5)

Paper No. 862: Alternative 2 (no action needed) *Jensen - 1*

Comments: Try to make WisDOT fund this initiative out of their base budget (i.e. alt 2) (see paragraph 3). But, no need to go to the wall, because alt 1 is also ok.

Paper No. 863: Alternative 1 *Jensen*

Comments: I think it's ok to give WisDOT what the gov suggested, but don't give them anything extra (i.e. which alt 2 would do). They can fund additional costs out of their base budget.

Paper No. 864: Alternative 2 (no action needed) *Jensen*

Comments: It's probably easiest and best to keep current law (2 plates), and not irritate the cops. But, the single plate idea has some merit (see paragraphs 5 & 7) and alt 1 would be ok if others want to go that way. Also, 3M Corp and a coalition of business and law enforcement groups support alt 2, plus a motion to require license plates to be reflectorized.

Paper No. 865: Alternative 3 (no action needed)

Comments: The relatively minimal cost savings don't justify the potential safety problems that could result from implementing the gov's proposal. Waiving the road test is a bad idea. You should maintain current law (i.e. alt 3). (see paragraphs 7 & 12)

Paper No. 866: Alternative 3 (no action needed)

Plache's sister testified

Jensen 2

Comments: This sounds like another bad idea from the gov, but using private entities to conduct skills test works ok for CDL's. So, I guess alt 2 would probably be ok - it gives people more options for testing. FB has no strong recommendations either way.

Paper No. 867: Alternative 3 (no action needed)

Jensen - 1 (will lose)

Comments: This is the endangered resources license plates issue, and no action is needed to maintain current law. There's no need for the increased fees - WisDOT should learn how to make plates in a less expensive manner (I mean, you can't get much cheaper labor).

Also, it's unfair to include a fee for the endangered resources plate, because this would go back on a deal WisDOT made three years ago. When 95 AB 975 was introduced, it allowed DOT to collect this issuance fee. However, the Dept objected, claiming too few plates would be sold to cover its costs. So, DOT agreed to a compromise that allowed them to keep all the proceeds from the initial sales until their costs were met. As it turns out, they recovered their costs within the first several weeks of the program, and since then all the voluntary contributions have gone to the endangered resources fund. (confidentially - WisDOT still incurs costs from the sale of these plates, but a deal is a deal, and DOT underestimated their costs up front). So you should maintain current law.

Paper No. 868: Alternative 3 (no action needed)

Jensen - 2

Comments: Another bad idea from the gov. Even the Manufactured Housing Assoc doesn't like it (see paragraph 2), and it would cost DNR's nonpoint program \$135,000 annually (see paragraph 6), which the gov didn't budget for. Just maintain current law (i.e. alt 3). Also, the Auto & Truck Dealers support alt 3.

Paper No. 869: Alternative 1 2

Comments: Might as well take advantage of DOA's error in putting this provision into the budget (see paragraph 2) and cut some costs. But, alt 2 would also be ok if Jensen really wants it.

Paper No. 870: Alternative 2 *Sensen 1*

Comments: Alice O'Connor is pushing alt 1 because she represents Explore Info Services. Alt 2 is pretty much the same, but retains some JFC authority. The sale of these records is probably a revenue upper for WisDOT (see paragraph 3). I'm sure the insurance companies like this.

Personally, I would prefer to take no action (i.e. alt 3) and let the contract expire. But, I told Alice you would probably support her somewhat, because it's a revenue upper for the Dept. It's up to you.

For items that FB didn't prepare papers for, action is needed to include them in the budget bill (WisDOT is a base agency).

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Extended License Renewal Cycle (DOT -- Motor Vehicles)

[LFB Summary: Page 597, #1]

CURRENT LAW

The Department of Transportation issues licenses to operate various types of motor vehicles on public highways and roads within the state. Once issued, these licenses must be renewed after a certain period of time, generally four years, but sometimes less. The Department also issues photo identification cards that must be renewed every four years.

GOVERNOR

Extend the renewal cycle from four years to six years for the following licenses and cards issued by DOT: (a) renewal regular Class D operator's licenses (for noncommercial vehicles); (b) renewal regular Class A, B and C operator's licenses, including all endorsements (for commercial vehicles); (c) renewal Class M operator's licenses (for motorcycles); and (d) original and renewal identification cards. Prorate the fees for these licenses accordingly. Delete \$307,500 SEG and 9.85 SEG positions in 1997-98 and \$777,600 SEG and 19.70 SEG positions in 1998-99 to reflect a reduced workload due to the transition to a six-year renewal cycle. Estimate transportation fund revenue increases of \$1,594,300 in 1997-98 and \$3,188,300 in 1998-99 to reflect additional revenue due to prorating license fees.

Permit DOT to issue licenses and cards for renewal periods of less than six years, during the transition period from issuing four-year licenses and cards to six-year licenses and cards, for the purpose of gaining a uniform rate of renewals. Specify that during this period, applications for renewal may be processed by mail without taking a photograph or administering the required

eyesight examination. Specify that any fees for renewal would be prorated according to the term of the license or card. Prohibit DOT from issuing licenses and cards under the transition period provisions after December 31, 2001.

Specify that these provisions would take effect on January 1, 1998.

DISCUSSION POINTS

1. The bill would extend the renewal cycle for Class D, Class M and commercial driver's licenses from four to six years. Original licenses issued to new drivers and to persons moving into the state would not change.
2. During the transition from a four-year cycle to a six-year cycle, DOT would allow some persons to renew their licenses through the mail for a shorter period of time, either two or four years. People chosen to renew through the mail would be given a sticker to affix to the license, extending its expiration date. Only drivers deemed to have good driving records would be chosen to renew by mail. The purpose of the transition period is to establish an even workload from year to year. After the transition, all renewals would be six years and none would be done through the mail.
3. DOT's workload would drop, resulting in the estimated elimination of 19.70 positions and savings of \$1,085,100 over the biennium. These savings would accrue even though the actual renewal caseload would not drop. The savings come entirely from renewing one-third of the caseload through the mail. In 2002, the actual renewal caseload would drop, resulting in additional savings.
4. The increased revenues under the bill would occur due to collecting six year's worth of fees from some people, rather than four year's worth. This increase would be temporary, since the higher fees would eventually be offset by lower renewal volumes. Based on reestimated renewal volumes, DOT now believes extending the cycle to six years will generate \$1,596,100 in 1997-98 and \$3,193,200 in 1998-99, which is a slight increase from the bill.
5. The only requirement to renew Class D, Class M or commercial driver's licenses is to pass a vision test. Extending the license renewal cycle would increase the time that lapses before a driver's vision is checked again, but DOT reports that few people fail to pass the vision test. In 1988, which was the last time these statistics were collected, less than 5% of renewals had a corrective lenses restriction added or were referred to a vision specialist.
6. Although few people fail to pass the vision test, this may be because some people have their vision checked (and get new corrective lenses if necessary) just prior to renewing their driver's license. Extending the cycle may delay the time between vision checks for some people.

7. Most vision and health problems that may affect driving are identified outside of the license renewal process. Medical professionals, family members or law enforcement officers may report these problems to DOT, which reviews each case to determine if it is safe for the individual to drive. The Division of Motor Vehicle's medical review section typically reviews over 35,000 cases per year.

8. A commercial driver's license allows an individual to operate most types of commercial vehicles. To operate some vehicles, however, an applicant must obtain special endorsements that require the applicant to pass knowledge and skills tests. Most endorsements do not require any additional testing upon renewal, but two types, school bus and hazardous materials endorsements, have additional renewal requirements. To renew a school bus endorsement, a person must pass both knowledge and skills tests. Renewal hazardous materials endorsements require a knowledge test.

9. Extending the renewal cycle would increase the time that lapses before people with these endorsements would be required to take the tests. The Department does not feel this would be a problem for several reasons: (a) employers who have hazardous materials drivers must meet certain federal requirements that ensure that their drivers are safe and know the applicable laws; (b) school bus drivers must file medical reports every two years and annually after age 70; and (c) parents, law enforcement personnel and school bus companies monitor drivers very closely. Upon request, DOT may require a driver to take the tests and remove the school bus endorsement if he or she fails.

10. Most states currently have a four-year driver's license renewal cycle, but several have longer terms. Ten states have a five-year cycle and two have a six-year cycle, while Arizona has a twelve-year cycle. Michigan and California have four-year licenses, but drivers with good records are allowed to renew by mail under certain circumstances.

11. Since few people are screened out in the renewal process, an eight-year renewal cycle may also be an option. This would result in savings of \$537,700 and 15.7 positions in 1997-98 and \$1,240,200 and 31.3 positions in 1998-99 and additional revenue of \$2,471,600 in 1997-98 and \$4,945,700 in 1998-99 due to prorating the fees. The additional revenue would be sustained for four years following implementation, until the volume of renewals dropped.

12. Although extending the license period to six or eight years does not increase the average annual cost for a license, it would increase the up front cost of the license.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to extend the renewal cycle for Class D and M operator's licenses, commercial driver's licenses and identification cards to six years and prorate the license fees accordingly. Delete \$307,500 SEG and 9.85 SEG positions in 1997-

98 and \$777,600 SEG and 19.70 SEG positions in 1998-99. Reestimate increased transportation fund revenue at \$1,596,100 in 1997-98 and \$3,193,200 in 1998-99. Include temporary transition provisions and establish a January 1, 1998, effective date for these changes.

<u>Alternative 1</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	\$4,789,300
<i>[Change to Bill]</i>	<i>\$6,700]</i>
1997-99 FUNDING (Change to Base)	- \$1,085,100
<i>[Change to Bill]</i>	<i>\$0]</i>
1998-99 POSITIONS (Change to Base)	- 19.70
<i>[Change to Bill]</i>	<i>0.00]</i>

2. Extend the renewal cycle for Class D and M operator's licenses, commercial driver's licenses and identification cards to eight years and prorate the license fees accordingly. Delete \$537,700 SEG and 15.7 SEG positions in 1997-98 and \$1,240,200 SEG and 31.3 SEG positions in 1998-99 to reflect this change. Estimate transportation fund revenue increases at \$2,471,600 in 1997-98 and \$4,945,700 in 1998-99. Include temporary transition provisions and establish a January 1, 1998, effective date for these changes. [Note: In addition to the revenue change shown below, this alternative would increase the revenue produced from the proposed increases in the per year operator's license and identification card fees by \$147,900 in 1997-98 and \$296,800 in 1998-99.]

<u>Alternative 2</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	\$7,417,300
<i>[Change to Bill]</i>	<i>\$2,634,700]</i>
1997-99 FUNDING (Change to Base)	- \$1,777,900
<i>[Change to Bill]</i>	<i>- \$692,800]</i>
1998-99 POSITIONS (Change to Base)	- 31.30
<i>[Change to Bill]</i>	<i>- 11.60]</i>

3. Take no action. [Note: In addition to the revenue change shown below, this alternative would reduce the revenue produced from the proposed increases in the per year operator's license and identification card fees by \$265,200 in 1997-98 and \$530,800 in 1998-99.]

<u>Alternative 3</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	\$0
[Change to Bill	- \$4,782,600]
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill	\$1,085,100]
1998-99 POSITIONS (Change to Base)	0.00
[Change to Bill	19.70]

Prepared by: Jon Dyck

MO# Alt 2

BURKE	Y	<input checked="" type="radio"/> N	A
DECKER	Y	<input checked="" type="radio"/> N	A
GEORGE	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
JAUCH	Y	<input checked="" type="radio"/> N	A
WINEKE	Y	<input checked="" type="radio"/> N	A
SHIBILSKI	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
COWLES	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
PANZER	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
2 JENSEN	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
1 OURADA	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
HARSDORF	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
ALBERS	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
GARD	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
KAUFERT	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
LINTON	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
COGGS	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A

AYE 10 NO 6 ABS _____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Operator's License and Identification Card Fee Increases (DOT -- Motor Vehicles)

[LFB Summary: Page 598, #2 (part)]

CURRENT LAW

The Department of Transportation issues licenses for the operation of motor vehicles on public highways within the state. DOT also issues photo identification cards for persons without an operator's license. DOT charges a fee for the issuance of these licenses and cards.

GOVERNOR

The Governor proposes raising the fees for operator's licenses and identification cards, as shown in the following table.

	<u>Current Fee</u>		<u>Proposed Fee</u>		<u>Revenue⁽¹⁾</u>	
	<u>Total</u>	<u>Per Year</u>	<u>Total</u>	<u>Per Year</u>	<u>1997-98</u>	<u>1998-99</u>
Operator's Licenses						
Class D						
Original	\$15	\$7.50 or \$5 ⁽²⁾	\$18	\$9 or \$6 ⁽²⁾	\$170,700	\$341,400
Renewal	10	2.50	18	3	793,900	1,814,700
Class A, B & C/Endorsements						
Original	\$32	\$8	\$48	\$8	\$0	\$0
Renewal	32	8	48	8	0	0
Class M/Endorsements						
Original	\$4	\$1 to \$2 ⁽³⁾	\$9	\$1.50 to \$4.50 ⁽³⁾	\$17,100	\$34,200
Renewal	4	1	6	1	0	0
Instructional permit	20	N.A.	22	N.A.	22,200	44,400
Identification Cards						
Original	\$4	\$1	\$9	\$1.50	\$73,200	\$146,400
Renewal	4	1	9	1.50	29,100	58,100
Duplicate	3	N.A.	6	N.A.	<u>35,100</u>	<u>70,200</u>
TOTAL					\$1,141,300	\$2,509,400

⁽¹⁾ Revenue estimates represent only the increment that would result from increases in the fee per year, and are, therefore, net of revenue that would result from going to six-year cycles with prorated fees.

⁽²⁾ The fees per year for original licenses depend upon the type of original license. Some original licenses are valid for three years after the date of the applicant's next birthday, while others are valid for two years after the applicant's next birthday. The bill would not change these periods.

⁽³⁾ The fee per year is based on an initial issuance of an original motorcycle endorsement. Under certain circumstances, however, the number of years an original motorcycle endorsement is valid may vary.

Specify that the fee increases would take effect on January 1, 1998.

DISCUSSION POINTS

1. The bill would both extend the license renewal cycle from four to six years, prorating the fees accordingly, and raise the fees for certain licenses on top of the prorated increase. The increases in fees and revenues discussed in this paper refer only to the increase in the per year amounts and not the increase due to extending the renewal cycle.

2. The bill would raise the per year fees for Class D licenses (for noncommercial autos and light trucks), for Class M licenses (for motorcycles), for motorcycle instructional permits and for identification cards. The per year fees for licenses to operate Class A, B or C vehicles (commercial driver's licenses) would not increase.

3. Based on a reestimate of license volumes, DOT now expects the additional transportation fund revenue from the fee increases to be \$1,259,500 in 1997-98 and \$2,522,300 in 1998-99, which is a slight increase from the bill.

4. The last time the fees for Class D and M licenses were raised was September 1, 1991. Commercial driver's licenses were established on January 1, 1991, and the fees have not been changed. The fees for identification cards were last changed on January 1, 1982, when the fee went from \$2 to \$4 for original and renewal cards, and the fee for duplicates went from \$1 to \$3. The 1991 changes to Class D and M licenses are shown below:

		<u>Prior Fee</u>	<u>Current Fee</u>
Class D	Original	\$9	\$15
	Renewal	9	10
Class M	Original & Renewal	2	4

5. Thirty-five states have fees for renewal Class D licenses (or their equivalent) that are higher than Wisconsin's fee. The remainder have fees equal to or below Wisconsin's. The bill would establish the fee at \$3 per year, which is slightly below the national median of \$3.75 per year. Renewal license fees range as high as \$9 per year. The median for motorcycle licenses is slightly over \$3 per year and the median for commercial driver's licenses is \$8 per year. The following table shows the current average annual cost of renewal Class D, Class M and Class A (large trucks) licenses for several of the surrounding states.

1996 Average Annual Class D & M Renewal Fees

	<u>Class D</u>	<u>Class M</u>	<u>Class A</u>
Illinois	\$2.50	\$2.50	\$10.00
Indiana	1.50	0.75	6.25
Iowa	4.00	2.00	8.00
Michigan	3.00	1.00	5.00
Minnesota	4.63	3.25	9.38
Wisconsin	2.50	1.00	8.00

6. It may be useful to compare the revenues generated from license fees with the costs associated with administering services for drivers. This would include the cost of issuing the licenses, the costs to maintain the driver database and the costs of medical review, accident reporting, revocation and suspension and other related services. This comparison could also include the State Patrol, since its primary function is to regulate the actions of drivers.

7. The annual budget related to driver services provided by DMV is between \$27.4 million and \$33.5 million and the State Patrol's annual budget is approximately \$40 million (these figures exclude "overhead" services provided by DOT's administrative divisions). The total revenue from driver license fees, including fees for occupational licenses, reinstatement of revoked or suspended licenses and driver record abstracts is about \$34 million.

8. Although a fee increase large enough to support all driver-related services may be difficult to support, a more modest increase may be warranted. One option would be to choose fees for license renewals that are at or near the median of all the states. The fees for renewal Class D licenses and original and renewal Class M licenses would still be below the median, even with the increases under the bill. The following table shows the current fee and an alternative fee near the median (on an annualized basis). The additional revenue generated by an increase from the current level to the median is shown in the final two columns (for a six-year license). At these levels, renewal Class D licenses would be \$24 for a six-year license while original and renewal motorcycle licenses would be \$18.

	Annualized Fee		Revenue	
	Current	Median	1997-98	1998-99
Class D Renewal	\$2.50	\$4.00	\$2,722,000	\$5,444,000
Class M Renewal	1.00	3.00	460,800	921,600
Class M Original	1.00*	3.00*	70,500	142,300

*The term of an original Class M is assumed to be four years, since this is typical. If an original Class M license is issued alone (not applied to a regular Class D), the license is good for two years from the applicant's next birthday, even though the fee is the same.

9. If increases to the median level were enacted, revenues from driver license fees and other driver-related fees would be \$36 million in 1997-98 and \$41 million in 1998-99.

10. The motorcycle license and instructional permit fee increases in the bill are supported by motorcycle groups because funding increases for motorcycle safety programs are also part of the bill. Additional increases would not be tied to particular programs, but would support general transportation programs. Since most motorcyclists would pay any increased Class D renewal fee, excluding the Class M endorsements from an additional increase may be warranted.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to increase fees for original and renewal Class D licenses, original Class M licenses, motorcycle instructional permits and original, renewal and duplicate identification cards. Reestimate additional transportation fund revenues at \$1,259,500 in 1997-98 and \$2,522,300 in 1998-99.

<u>Alternative 1</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	\$3,781,800
[Change to Bill]	\$131,100]

2. Raise the fees for original Class D licenses, motorcycle instructional permits and original, renewal and duplicate identification cards as recommended by the Governor, but increase the per year fee for renewal Class D licenses to \$4.00 (\$24 for a six-year license) and the per year fee for original and renewal Class M licenses to \$3.00 (\$18 for a six-year license). Estimate increased transportation fund revenues at \$3,587,800 in 1997-98 and \$7,179,900 in 1998-99.

<u>Alternative 2</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	\$10,767,700
[Change to Bill]	\$7,117,000]

3. Raise the fees for original Class D licenses, original Class M licenses, motorcycle instructional permits and original, renewal and duplicate identification cards as recommended by the Governor, but increase the per year fee for renewal Class D licenses to \$4.00 (\$24 for a six-year license). Estimate increased transportation fund revenues at \$3,074,100 in 1997-98 and \$6,151,600 in 1998-99.

<u>Alternative 3</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	\$9,225,700
[Change to Bill]	\$5,575,000]

4. Take no action.

<u>Alternative 3</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	\$0
[Change to Bill]	- \$3,650,700]

Prepared by: Jon Dyck

MO# Alt 1

BURKE	(X)	N	A
1 DECKER	(Y)	N	A
GEORGE	(Y)	(N)	A
JAUCH	(Y)	N	A
WINEKE	(Y)	(N)	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
JENSEN	(Y)	N	A
2 DURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 14 NO 2 ABS

TRANSPORTATION

Increase Renewal Fee for Class A, B and C Licenses

Motion:

Move to raise the per year fee for renewal of class A, B and C licenses to \$10 (\$60 for six years). Estimate increased transportation fund revenues at \$370,600 in 1997-98 and \$741,200 in 1998-99.

Note:

[Change to Base: \$1,111,800 SEG-REV]

[Change to Bill: \$1,111,800 SEG-REV]

MO#			
	BURKE	Y	N A
	DECKER	Y	N A
	GEORGE	Y	N A
	JAUCH	Y	N A
	WINEKE	Y	N A
	SHIBILSKI	Y	N A
	COWLES	Y	N A
	PANZER	Y	N A
2	JENSEN	Y	N A
	OURADA	Y	N A
	HARSDORF	Y	N A
	ALBERS	Y	N A
	GARD	Y	N A
1	KAUFERT	Y	N A
	LINTON	Y	N A
	COGGS	Y	N A

AYE 6 NO 10 ABS 0

TRANSPORTATION

Increase Renewal Fee for Class M Licenses

Motion:

Move to raise the per year fee for renewal of class M licenses to \$1.50 (\$9 for a six-year license). Estimate increased transportation fund revenues at \$115,200 in 1997-98 and \$230,400 in 1998-99.

Note:

[Change to Base: \$345,600 SEG-REV]
[Change to Bill: \$345,000 SEG-REV]

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 3 NO 13 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Digitized Driver's License Technology (DOT -- Motor Vehicles)

[LFB Summary: Page 600, #6]

CURRENT LAW

Current law specifies the contents of an operator's license and requires that a color photograph of the person be included on the front side of the document. "Photograph" is defined as an unretouched image recorded by a camera and reproduced on a photosensitive surface, or a digitized image. For persons under the legal drinking age at the time the license is issued, the license document must include a distinctive background color, designated by DOT, that clearly identifies to the public that the person had not attained the legal drinking age at the time the license was issued.

GOVERNOR

Provide \$370,100 SEG and delete 0.56 SEG positions in 1997-98 and provide \$419,000 SEG and delete 1.48 SEG positions in 1998-99 related to implementing a digitized driver's license technology that would include the addition of a magnetic stripe and an ultra-violet ink mark to indicate authenticity and the ability to confirm identities using a stored database of photographs and signatures. Decrease estimated transportation fund revenues by \$23,200 in 1997-98 and \$62,000 in 1998-99 to reflect anticipated reductions in the number of duplicate driver's licenses and identification cards issued.

Delete the requirement that operator's licenses and identification cards for persons under the legal drinking age at the time of issuance have a distinctive background color and, instead, require that they have a distinctive appearance, as specified by DOT. This change would be

necessary to avoid a distorted image that results from background color with the digitized technology.

DISCUSSION POINTS

1. The bill would provide \$370,100 and delete 0.56 positions in 1997-98 and provide \$419,000 and delete 1.48 positions in 1998-99 related to implementation of the digitized driver's license technology based on preliminary cost estimates. In addition, the bill would decrease estimated revenues by \$23,200 in 1997-98 and \$62,000 in 1998-99 to reflect workload and revenue reductions associated with an anticipated decline in the number of duplicate driver's licenses and identification cards issued.

2. Based on the actual terms of a signed contract with a vendor, it is now estimated that \$330,000 in 1997-98 and \$502,500 in 1998-99 would be necessary to implement the digitized driver's license technology. Further, based on information provided by other states that have implemented this technology, DOT no longer anticipates reduced workload related to the number of duplicate driver's licenses and identification cards issued in the early stages of implementation. Correspondingly, DOT no longer estimates a reduction in revenues for duplicate licenses and cards.

3. DOT indicates that, if funding is not appropriated for the implementation of the digitized driver license technology, DOT would attempt to fund the contract either within existing resources or by reducing resources for other functions or programs within DMV. If base funding is not available, DOT indicates that it may need to submit a request to the Joint Committee on Finance under s. 13.10 of the statutes.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation, as modified to reflect the actual contract, and provide \$330,000 SEG in 1997-98 and \$502,500 SEG in 1998-99 related to implementing a digitized driver's license technology.

<u>Alternative 1</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	\$0
<i>[Change to Bill</i>	<i>\$85,200]</i>
1997-99 FUNDING (Change to Base)	\$832,500
<i>[Change to Bill</i>	<i>\$43,400]</i>
1998-99 POSITIONS (Change to Base)	0.00
<i>[Change to Bill</i>	<i>1.48]</i>

2. Take no action.

<u>Alternative 2</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	\$0
[Change to Bill	\$85,200]
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill	- \$789,100]
1998-99 POSITIONS (Change to Base)	0.00
[Change to Bill	1.48]

Prepared by: Cheryl McIlquham

MO# Alt 1

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
JENSEN	<input checked="" type="radio"/>	N	A
OURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Increased License Plate Costs (DOT -- Motor Vehicles)

[LFB Summary: Page 600, #7]

CURRENT LAW

DOT's 1996-97 base budget for purchasing license plates is \$2,626,400 SEG.

GOVERNOR

Provide \$484,500 SEG in 1997-98 and \$587,100 SEG in 1998-99 for license plates.

DISCUSSION POINTS

1. DOT's 1996-97 base budget for purchasing license plates is \$2,626,400. DOT currently estimates, however, that actual expenditures for license plates will total \$2,820,000 in 1996-97. Therefore, a portion (approximately \$194,000 annually) of the proposed increase would be used to fund base level expenditures. The remaining portion of the funding provided under the bill reflects: (a) a 3% increase over the biennium in the cost per plate for most plates; (b) a projected increase in the number of plates to be issued in the 1997-99 biennium; and (c) disabled person hangtag purchases not included in DOT's 1996-97 base expenditures.

2. Under the bill, it is projected that the number of auto plates to be issued would total 505,000 in 1997-98 and 507,500 in 1998-99. These projections are based on historical trends and represent a 1.8% increase over the biennium.

3. Data recently obtained for calendar year 1996 shows that, compared to calendar year 1995, the number of auto plates issued increased by approximately 11% from 498,300 to 554,800. As a result, DOT now projects additional auto plate issuances of 49,800 in 1997-98 and 47,300 in 1998-99, compared to the number projected under the bill. DOT believes that the recent increase is related to a trend toward a greater number of vehicles being leased. With leased vehicles, the registration remains with the lessor. Consequently, plates may be issued several times for the same vehicle if the lessor desires new plates upon leasing the vehicle a second time or if the lessee purchases the vehicle upon termination of the lease.

4. Additional funding of \$151,900 in 1997-98 and \$146,600 in 1998-99 would be necessary to fully fund DOT's recently reestimated plate costs.

5. DOT indicates that, if there is not funding sufficient to fully fund plate costs in the 1997-99 biennium, funding would have to be reallocated from other functions within the Division of Motor Vehicles to cover any shortfall that may occur.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation and provide \$484,500 SEG in 1997-98 and \$587,100 SEG in 1998-99 for license plate costs.

<u>Alternative 1</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$1,071,600
[Change to Bill]	\$0]

2. Provide \$636,400 SEG in 1997-98 and \$733,700 SEG in 1998-99 to reflect a reestimate of the number of plates to be issued in the 1997-99 biennium.

<u>Alternative 2</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$1,370,100
[Change to Bill]	\$298,500]

3. Take no action.

<u>Alternative 3</u>	<u>SEG</u>
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill]	- \$1,071,600]

Prepared by: Cheryl McIlquham

MO# 412

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Single License Plate (DOT -- Motor Vehicles)

CURRENT LAW

Current law requires DOT to issue two license plates to an individual upon registration of an automobile, truck, bus, motor home or dual purpose motor home and one plate for other vehicles. Whenever two license (registration) plates are issued for a vehicle, one plate must be attached to the front and one to the rear of the vehicle.

GOVERNOR

Continue current law.

DISCUSSION POINTS

1. The proposal to issue a single license plate for all vehicles has been before the Legislature in previous biennial budget sessions. In the 1977-79 and 1979-81 sessions, the Legislature rejected the Governor's recommendation to issue a single plate. In the 1981-83 session, the Legislature approved the proposal, but the Governor vetoed it. In the 1983-85 and 1985-87 sessions, the Legislature once again rejected the single plate proposal.

2. DOT's November 8, 1996, 3.5% state operations base reduction budget submission to DOA included an option to implement a single license plate, with associated funding reductions of \$684,200 SEG in 1997-98 and \$695,400 SEG in 1998-99. These amounts reflect reduced costs for plates and postage.

3. Based on a reestimate of the reductions for postage to reflect the actual proportion of plates mailed, DOT now estimates funding reductions of \$626,800 in 1997-98 and \$653,900 in 1998-99 associated with implementing a single license plate.

4. Under the Department's submission, the single plate would be attached to the rear of the vehicle and motorists would have the option to display commercially manufactured plates on the front of their vehicle. DOT could establish exceptions to attaching the single plate to the rear of the vehicle by administrative rule. In order to allow the majority of the current two plate stock to be exhausted and ample time to order and receive single plates, issuance of a single plate could begin several months after the effective date of the budget.

5. According to the American Automobile Association's 1996 Digest of Motor Laws, the following 19 states currently issue only one license plate for automobiles.

Alabama	Georgia	Michigan	Pennsylvania
Arizona	Indiana	Mississippi	South Carolina
Arkansas	Kansas	New Mexico	Tennessee
Delaware	Kentucky	North Carolina	West Virginia
Florida	Louisiana	Oklahoma	

6. Historically, the major objection to the single license plate proposal has been expressed by law enforcement officials. They contend that the front license plate has value because it allows identification of oncoming and parked vehicles.

7. In December, 1994, DOT informally surveyed the 19 states with single plates. DOT indicates that these states did not report significant negative consequences due to single plates, although some officials commented that they would prefer two plates.

8. DOT is required to purchase license plates from Badger State Industries (BSI). BSI reports that, currently, 40 persons are employed in the production of license plates and that implementation of a single license plate would reduce the number of persons needed for plate production by 14. In addition, BSI revenues would decline by \$579,200 in 1997-98 and \$590,400 in 1998-99, associated with reduced license plate purchases by DOT.

9. The main reason to switch to a single plate is the cost savings.

ALTERNATIVES TO BASE

1. Delete \$626,800 SEG in 1997-98 and \$653,900 SEG in 1998-99 and require DOT to implement a single license plate requirement for automobiles, trucks, buses, motor homes and dual purpose motor homes. Require the single plate to be attached to the rear of the vehicle, established in administrative rule by DOT. Specify that DOT may issue and vehicle owners may

display a single license plate beginning on the first day of the second month after the effective date of the act. Reduce program revenue to the Department of Corrections (Badger State Industries) by \$579,200 in 1997-98 and \$590,400 in 1998-99.

<u>Alternative 1</u>	<u>PR</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	- \$1,169,600	
[Change to Bill	- \$1,169,600]	
1997-99 FUNDING (Change to Base)		- \$1,280,700
[Change to Bill		- \$1,280,700]

2. Take no action.

Prepared by: Cheryl McIlquham

MO# Alt 1

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 9 NO 7 ABS

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Enhanced Driver Education (DOT -- Motor Vehicles)

[LFB Summary: Page 603, #12]

CURRENT LAW

DOT may not issue an operator's license to a person under age 18 unless that person has satisfactorily completed a course in driver education approved by DOT, the Department of Public Instruction, the Technical College System Board or an substantially equivalent course approved by another state (if the person has attained the age of 16). The minimum standards for a driver education course are set forth in administrative rule and include: (a) at least 30 hours of classroom instruction; (b) at least six hours of observation instruction in a vehicle; and (c) at least six hours of actual vehicle operation.

Persons under age 18 who are enrolled in an approved driver education course must pass a knowledge exam in order to receive an instruction permit. In addition, persons under age 18 who have received a certificate of completion of an approved driver education course must pass a driving skills test to obtain a probationary driver license. The knowledge exam may be administered by DOT or in conjunction with a high school driver education course. The driving skills test, however, must be administered by DOT. DOT requires a fee of \$10 for administering a driving skills test.

GOVERNOR

Delete \$56,000 SEG and 1.6 SEG positions in 1997-98 and \$157,600 SEG and 4.5 SEG positions in 1998-99 and reduce estimated transportation fund revenues by \$52,500 in 1997-98 and \$140,000 in 1998-99 to reflect proposed changes to the licensing of certain persons under

age 18. The funding and revenue reductions are associated with an anticipated decrease in the number of driving skills tests (\$10 fee) administered by DOT.

Allow DOT to waive, by administrative rule, the driving skills test of a person under age 18 who is applying for an original license to operate Class D vehicles (all noncommercial vehicles except Type 1 motorcycles) if the person has satisfied other current law provisions relating to the issuance of licenses and has done all of the following: (a) successfully completed an enhanced driver education course approved by DOT; (b) received certification from the instructor indicating that the person has satisfied the driving skills requirements of the enhanced course; (c) completed a specified number of hours of operation of Class D vehicles in traffic situations while accompanied by a qualified instructor or a person, occupying the seat beside the applicant, who is 25 years of age or older with at least two years of driving experience and a valid license; and (d) received certification, on a form prescribed by DOT, from a parent, stepparent or other adult sponsor (as defined by DOT by administrative rule), that the person completed these hours of operation.

Direct DOT to evaluate the effectiveness of waiving the driving skills tests for these persons by July 1, 2000, and annually thereafter. Require DOT to promulgate administrative rules establishing procedures for randomly selecting individuals who were waived from the driving skills test and then requiring them to take the driving skills test. With regard to a person for whom the driving skills test was waived, if DOT has good cause to believe that the person's license was suspended or revoked while on probationary status and that the person is seeking reinstatement of the license, the person may be required to submit to the knowledge and driving skills tests otherwise required by DOT under current law. Specify that these provisions would take effect on January 1, 1998.

DISCUSSION POINTS

1. The bill would allow DOT to waive the driving skills test of a person under age 18 who is applying for an original Class D driver license if the person has satisfied other current law provisions relating to the issuance of licenses and has successfully completed an enhanced driver education course. The two primary components of the enhanced course would include:

a. Demonstrated Standard Driving Skills Requirements. The person would be required to receive certification from a driver education instructor indicating that the person has satisfied certain driving skills requirements. DOT indicates that it would establish standards for behind-the-wheel training that specify the driving skills or maneuvers that must be satisfactorily demonstrated by the student and certified by the instructor. Current law requires a minimum of six hours of behind-the-wheel instruction, but does not specify uniform standards or certification that the student has accomplished certain skills.

b. Increased Number of Hours of Supervised Driving. A prescribed number of additional hours of driving experience would be required. The student must be accompanied by a qualified instructor or a person 25 years of age or older with at least two years of driving experience and a valid license. A parent, stepparent or other adult sponsor (as defined by DOT by administrative rule), would be required to certify, on a form prescribed by DOT, that the person completed the prescribed hours of operation. Current law does not require a person to have a specific number of hours of actual driving experience beyond the six hours of behind-the-wheel instruction required as part of the driver education course.

2. Under current law, persons 15 years and 6 months old who are enrolled in a driver education course may apply for an instruction permit. Prior to obtaining such a permit, the person must pass a knowledge exam that tests the applicant's ability to recognize highway signs and knowledge of traffic laws. The knowledge exams are offered at all DMV service centers and are also given at many local high schools in conjunction with their driver education programs. The bill would not modify provisions related to knowledge exams and obtaining instruction permits.

3. Upon completion of an enhanced driver education course, the student would be required to show proof of certification from an instructor and the adult sponsor that the student has completed the required enhanced program and the specified additional hours of driving experience. Such certification would be submitted to officials at a DMV service center, who could then waive the DOT-administered driving skills test otherwise required prior to receiving a probationary driver's license.

4. Under the proposed enhanced course, because a student would not be required to take a DOT-administered driving skills test if the student meets the requirements of an enhanced driver education course, some would argue that the objectivity provided by the DOT examiner would be lost and that less objective standards would be applied in the certification process.

5. Compared to current driver education programs that may be based on only the minimum standards required by law, DOT argues that the benefits of the enhanced course would include:

- more experienced beginning drivers, as students would be required to demonstrate a certain level of driving skills and would have more hours of driving experience with a parent or other adult sponsor prior to obtaining a probationary operator's license;
- greater involvement by parents and other adult sponsors in the training of young drivers; and
- more consistency across schools with regard to the behind-the-wheel standards of driver education courses (for those schools offering the enhanced course).

6. DOT also points to administrative and operational efficiencies for DMV as a benefit of the proposed program. The bill includes reductions of \$56,000 and 1.6 positions in 1997-98 and \$157,600 and 4.5 positions in 1998-99 to reflect reduced workload related to administering driving skills tests. These funding reductions would basically be offset by the revenue reductions in the current biennium. Should participation in enhanced driver education courses increase in future biennia, DOT could further reduce resources dedicated to administering driving skills tests. This could, however, continue to be offset by further revenue reductions related to additional reductions in the \$10 fee DOT would otherwise collect for these tests.

7. Some have expressed concern that the proposal would not necessarily result in more hours of driving experience and greater parental/adult sponsor involvement in some cases because there would be no mechanism by which to verify the information provided by those required to certify these activities.

8. The bill would direct DOT to evaluate the effectiveness of waiving the driving skills tests for participants by July 1, 2000, and annually thereafter. DOT would accomplish this by randomly selecting individuals who were waived from the driving skills test and requiring them to take the test, according to a procedure established by DOT through administrative rules.

9. DOT would also be allowed to require a driving skills test for drivers originally waived from this requirement if they have their probationary license suspended or revoked and are seeking reinstatement. DOT argues that this provides an incentive for persons waived to drive safely and offers another safeguard before these drivers obtain their regular license.

10. The Committee could include a December 31, 2001, sunset requirement on DOT's authority to operate an enhanced driver education program. This would allow the Legislature to review DOT's July 1, 2000, evaluation of the program during the 2001-03 biennial budget session.

11. Under the bill, participation in administering an enhanced driver education course would be voluntary for public, private, technical and commercial schools that administer driver education courses. DOT estimates that, of approximately 70,000 students enrolled in driver education courses annually, 5,250 (15%, assuming the January 1, 1998, effective date) in 1997-98 and 14,000 (20%) in 1998-99 would participate in the enhanced driver education course. Based on these estimates, the bill includes revenue reductions of \$52,500 in 1997-98 and \$140,000 in 1998-99 to reflect a corresponding reduction in the \$10 fee DOT would otherwise collect for administering driving skills tests to these persons.

12. The Governor's initial 1995-97 biennial transportation budget recommendations, 1995 Assembly Bill 402, included a proposal to implement an enhanced driver education program. This provision was removed by the Joint Committee on Finance, restored by the Assembly and ultimately deleted when the Legislature failed to adopt a transportation budget in the Spring, 1995, session. An enhanced driver education proposal was not included in 1995

Assembly Bill 557, the 1995-97 biennial budget bill for DOT that was considered in the Fall, 1995, session.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation to allow DOT to waive the driving skills test of a person under age 18 who is applying for an original license to operate Class D vehicles if the person has met certain requirements, as determined by DOT. Delete \$56,000 SEG and 1.6 SEG positions in 1997-98 and \$157,600 SEG and 4.5 SEG positions in 1998-99 and reduce estimated transportation fund revenues by \$52,500 in 1997-98 and \$140,000 in 1998-99.

<u>Alternative 1</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	- \$192,500
<i>[Change to Bill]</i>	<i>\$0</i>
1997-99 FUNDING (Change to Base)	- \$213,600
<i>[Change to Bill]</i>	<i>\$0</i>
1998-99 POSITIONS (Change to Base)	- 4.50
<i>[Change to Bill]</i>	<i>0.00</i>

2. Adopt the Governor's recommendation, but specify that these provisions would not apply after December 31, 2001.

<u>Alternative 2</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	- \$192,500
<i>[Change to Bill]</i>	<i>\$0</i>
1997-99 FUNDING (Change to Base)	- \$213,600
<i>[Change to Bill]</i>	<i>\$0</i>
1998-99 POSITIONS (Change to Base)	- 4.50
<i>[Change to Bill]</i>	<i>0.00</i>

3. Take no action.

<u>Alternative 3</u>	<u>SEG</u>
1997-99 REVENUE (Change to Base)	\$0
<i>[Change to Bill]</i>	<i>\$192,500</i>
1997-99 FUNDING (Change to Base)	\$0
<i>[Change to Bill]</i>	<i>\$213,600</i>
1998-99 POSITIONS (Change to Base)	0.00
<i>[Change to Bill]</i>	<i>4.50</i>

Prepared by: Cheryl McIlquham

MO# ATZ

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
J JENSEN	Y	N	A
I OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

AYE 5 NO 11 ABS 0