

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Third-Party Skills Testing for Class D Operator's Licenses (DOT -- Motor Vehicles)

[LFB Summary: Page 603, #13]

CURRENT LAW

Current law allows DOT to contract with a person, including a state agency or department, a political subdivision, another state or a private employer of commercial motor vehicle drivers to administer the commercial motor vehicles skills test required by federal regulations and the driving skills test for an endorsement to operate a school bus. DOT is prohibited from entering into such testing contracts with a private driver training school or other private institution. Current law further requires that a contract with a third-party tester include provisions that:

- a. Require all tests and examinations conducted by the third-party tester be the same as those given by DOT;
- b. Allow DOT or the Federal Highway Administration to conduct random examinations, inspections and audits of the third-party tester without any prior notice;
- c. Annually, require DOT to conduct an on-site inspection of the third-party tester to determine compliance with the contract, DOT and federal standards for testing applicants for commercial driver licenses and DOT standards for testing applicants for school bus endorsements;
- d. Require examiners of third-party testers to meet the same qualifications and training standards as DOT's license examiners, to the extent established by DOT; and
- e. Require DOT to take prompt and appropriate remedial action against the third-party tester if the tester fails to comply with DOT or federal standards for testing applicants.

Such action may include immediate termination of testing by the third-party tester and recovery of damages.

Current law requires driver license examination and reexamination standards to be established by DOT in administrative rule, with consideration of any federal standards or requirements which may apply.

Under current law, driving skills tests for authorization to operate Class D motor vehicles (all noncommercial motor vehicles except Type 1 motorcycles) must be administered by DOT.

GOVERNOR

Delete \$52,500 SEG and 1.5 SEG positions in 1998-99 and allow DOT to contract with third-party examiners to administer the driving skills test required for the authorization to operate Class D vehicles. Extend the following provisions that currently apply to third-party testing for commercial motor vehicle operator licenses and school bus endorsements to third-party testing for Class D licenses: (a) private driver training schools or other private institutions may not conduct third-party tests; (b) DOT must conduct on-site inspections of third-party testers at least once per year to ensure compliance with contracts and with DOT standards; (c) third-party examiners must meet the same qualifications and training standards as DOT's license examiners; and (d) DOT must take prompt and appropriate remedial action against a third-party tester that fails to comply with the Department's standards. Decrease estimated transportation fund revenues by \$54,900 in 1998-99 to reflect these changes. The funding and revenue reductions are associated with an estimated decrease in the number of driving skills tests (\$10 fee) administered by DOT.

DISCUSSION POINTS

1. The administration indicates that allowing third-party examiners to administer Class D driving skills tests would have two primary benefits:

a. It would increase efficiency within the Division of Motor Vehicles (DMV) and allow the reallocation of resources to implement other program changes; and

b. It would serve as a mechanism by which DOT could continue to service customers in a timely manner while meeting the projected increase in the driver population -- primarily 16- and 17-year olds -- requiring Class D driving skills tests.

2. Based on 1990 census data and projections provided by the Department of Administration, the number of persons in the 15 to 19 age category is projected to increase by

nearly 10% between 1995 and 2000. If these increases are proportionate to each age, the number of 16- and 17-year olds would increase by approximately 14,000 statewide over this time period.

3. In 1996, DOT administered 110,300 Class D driving skills tests to new drivers. Although this figure would include some number of new drivers that are not in the 16- and 17-year age category, DOT indicates that the majority of the 110,300 tests were administered to this age group. DOT further reports that, currently, it is not unusual for a person to have to wait for four to six weeks to receive a driving skills test at a DMV customer service center. Therefore, it is anticipated that the projected population increase could cause this waiting period to increase even further in future years.

4. DOT estimates that, currently, 55% to 60% of all commercial driver license (CDL) driving skills tests are conducted by third-party examiners. DOT explains that one major reason for this relatively high rate is that school bus companies often need to employ persons quickly so the majority of school bus driver candidates take the test with a third-party examiner (often the bus company itself). It is not expected that the participation rate for Class D third-party testing would be as high.

5. Under the bill, estimated revenues are projected to decrease by \$54,900 in 1998-99 to reflect revenue reductions associated with a loss of fees (\$10 per test) from an estimated decrease of 5,490 driving skills tests administered by DOT. This estimate assumes that third-party testing would not begin until the second year of the biennium because of the time needed to promulgate administrative rules and negotiate contracts. Based on 1996 figures, this estimate would equate to approximately 5% of DOT's Class D driving skills test population shifting to third-party examiners.

6. Under current CDL third-party rules and policy, third-party examiners are allowed to charge a fee in excess of the fee charged by DOT for conducting driving skills tests. DOT determines the maximum fee allowed, however. DOT indicates that this would also be true under the Class D third-party testing program.

7. To encourage quality testing practices, DOT indicates that it would monitor the pass-fail rates of Class D third-party examiners just as it does under the current CDL third-party examiner program. DOT measures the pass-fail ratios of third-party examiners against that of DOT examiners. If DOT determines that a third-party examiner's ratio is unreasonable given the nature of the program, DOT has the authority to take remedial action.

8. Under current law, DOT is prohibited from contracting with private driver training schools to conduct CDL skills tests. Under the bill, this provision would also apply to the Class D third-party examiner program. The rationale given by DOT for prohibiting training schools from also conducting driving skills tests is that, because private training schools operate for profit, they may have a financial incentive to apply more relaxed testing standards to demonstrate a relatively higher rate of passing students in order to attract business.

9. The bill would not prohibit DOT from contracting with individuals employed by public schools as driver education instructors to administer the driving skills test. As with private driver training schools, it could be argued that allowing public school driver education instructors to become third-party examiners would be a conflict of interest in that their role in the public schools may be used to attract business as a third-party examiner.

10. It could be argued that third-party examiners who are employers have an incentive to apply strict testing standards when examining employes because the employer may be held liable for incidents resulting from an employe's poor driving skills. With regard to the testing standards applied by third-party examiners for members of the general public who seek a Class D operator's license, a similar incentive may not exist.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation to allow DOT to contract with third-party examiners to administer the driving skills test required for the authorization to operate Class D vehicles. Extend current law provisions related to private driver training schools, inspections, examiner qualifications and remedial action that apply to third-part testing for commercial motor vehicle operator licenses and school bus endorsements to third-party testing for Class D licenses. Delete \$52,500 SEG and 1.5 SEG positions and decrease estimated transportation fund revenues by \$54,900 in 1998-99.

| <u>Alternative 1</u> | <u>SEG</u> |
|---|-------------|
| 1997-99 REVENUE (Change to Base) | - \$54,900 |
| <i>[Change to Bill]</i> | <i>\$0</i> |
| 1997-99 FUNDING (Change to Base) | - \$52,500 |
| <i>[Change to Bill]</i> | <i>\$0</i> |
| 1998-99 POSITIONS (Change to Base) | - 1.50 |
| <i>[Change to Bill]</i> | <i>0.00</i> |

2. Adopt the Governor's recommendation. In addition, prohibit DOT from contracting with individuals who are employed by a public school as a driver education instructor to administer driving skills tests for authorization to operate Class D vehicles.

| <u>Alternative 2</u> | <u>SEG</u> |
|------------------------------------|------------|
| 1997-99 REVENUE (Change to Base) | - \$54,900 |
| [Change to Bill] | \$0] |
| 1997-99 FUNDING (Change to Base) | - \$52,500 |
| [Change to Bill] | \$0] |
| 1998-99 POSITIONS (Change to Base) | - 1.50 |
| [Change to Bill] | 0.00] |

3. Take no action.



| <u>Alternative 3</u> | <u>SEG</u> |
|------------------------------------|------------|
| 1997-99 REVENUE (Change to Base) | \$0 |
| [Change to Bill] | \$54,900] |
| 1997-99 FUNDING (Change to Base) | \$0 |
| [Change to Bill] | \$52,500] |
| 1998-99 POSITIONS (Change to Base) | 0.00 |
| [Change to Bill] | 1.50] |

Prepared by: Cheryl McIlquham

MO# _____

No motions.

| | | | |
|-----------|---|---|---|
| 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

Special License Plate Issuance Fees (DOT -- Motor Vehicles)

[LFB Summary: Page 604, #14]

CURRENT LAW

Under current law, members of authorized special groups may obtain special license plates whose colors and design indicate that the vehicle is owned by a member of the applicable special group. A fee, in addition to the regular registration fee, is assessed for the issuance or reissuance of most special plates. Currently, this fee is \$15 for UW System plates and the sesquicentennial plate, \$10 for military and civilian plates, \$5 for vehicle collector plates and \$0 for endangered resources and Somalia War veteran plates.

GOVERNOR

Increase estimated transportation fund revenues by \$57,800 annually to reflect the following changes in the issuance/reissuance fees for certain special license plates:

| <u>Plate Type</u> | <u>Current Fee</u> | <u>Proposed Fee</u> |
|----------------------------------|--------------------|---------------------|
| Amateur Radio | \$10 | \$15 |
| Endangered Resources | 0 | 15 |
| Ex-POW ⁽¹⁾ | 10 | 15 |
| Fire Fighter/Rescue Squad/EMT | 10 | 15 |
| Military Group ⁽²⁾⁽³⁾ | 10 | 15 |
| National Guard ⁽²⁾ | 10 | 15 |
| Vehicle Collector | 5 | 15 |

⁽¹⁾The fee applies only to sets of plates for additional vehicles and reissuance of plates to surviving spouses. Current law provisions that provide for free issuance or reissuance of the first set of plates would remain.

⁽²⁾Includes reissuance to surviving spouses.

⁽³⁾Includes the Somalia War Veteran plate for which there currently is no issuance/reissuance fee.

DISCUSSION POINTS

1. The bill would make the issuance/reissuance fee identical for all special plates. A fee that is consistent across all categories of special plates would reduce the complexity within the fee structure and customer confusion that may occur regarding the different fees.

2. DOT estimates that each set of special plates costs \$15.65 to produce, process and mail. The proposed increase would allow DOT to recoup the actual costs associated with the issuance or reissuance of all categories of special plates.

3. The bill includes estimated revenue increases of \$57,800 annually based on the following projections regarding the number of these special plates to be issued each year.

| <u>Plate Type</u> | <u>Number of Plates Issued/Reissued</u> | <u>Proposed Fee Increase</u> | <u>Revenue</u> |
|-------------------------------|---|------------------------------|----------------|
| Amateur Radio | 342 | \$5 | \$1,700 |
| Endangered Resources | 3,000 | 15 | 45,000 |
| Ex-POW | 15 | 5 | 100 |
| Fire Fighter/Rescue Squad/EMT | 463 | 5 | 2,300 |
| Military Group ⁽¹⁾ | 1,027 | 5 | 5,100 |
| National Guard | 29 | 5 | 200 |
| Vehicle Collector | <u>334</u> | 10 | <u>3,400</u> |
| Total | 5,210 | | \$57,800 |

⁽¹⁾ The proposed fee increase for the Somalia War Veteran plate is \$15.

4. The fee is paid only upon the initial issuance of plates and when DOT reissues, or replaces, a group of plates. DOT has reissued only one special plate in years past and currently does not plan to reissue any other category of special plates in future years. Under these circumstances, a person with special plates pays the fee only once. (Under current law, if a person needs to replace a special plate because it becomes illegible or is lost or destroyed, a fee of \$5.00 per plate is assessed by DOT.)

5. The differing fee structures may be the result of the Legislature's intent to treat persons who obtain certain categories of special plates differently. Thus, modifying the current fee structure could be inconsistent with the Legislature's original intent. In the 1995-97 biennial budget, the Governor also recommended increasing the issuance/reissuance fee for these special plates to \$15. The Committee concurred with the Governor's recommendation, except that the issuance/reissuance fee was not included for the endangered resources special plate. In the end, the Legislature deleted the Governor's recommendation in its entirety.

6. The lack of an issuance fee for the endangered resources plate may stem from concerns that charging an issuance fee could reduce the plate's effectiveness as a fund raising tool for endangered resources programs. As the Legislature considers this budget and future "fund raising" plate proposals, it may be appropriate to consider whether the transportation fund should subsidize these other programs by issuing plates free of charge.

7. Rather than raising all issuance/reissuance fees, one alternative would be to increase the current issuance/reissuance fee for endangered resources, vehicle collector and Somalia War veteran special plates to \$10. This would make the issuance/reissuance fee for all categories of special plates, except UW System and sesquicentennial plates, consistent at \$10. Estimated transportation fund revenues could be increased by \$31,700 annually under this alternative.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation to increase the issuance/reissuance fees for certain special license plates and increase estimated transportation fund revenues by \$57,800 annually.

| <u>Alternative 1</u> | <u>SEG</u> |
|----------------------------------|------------|
| 1997-99 REVENUE (Change to Base) | \$115,600 |
| [Change to Bill] | \$0] |

2. Increase the issuance/reissuance fees for endangered resources, vehicle collector and Somalia War veteran special plates to \$10 and increase estimated transportation fund revenues by \$31,700 annually.

| | |
|----------------------------------|-------------|
| <u>Alternative 2</u> | <u>SEG</u> |
| 1997-99 REVENUE (Change to Base) | \$63,400 |
| [Change to Bill | - \$52,200] |

3. Take no action.

| | |
|----------------------------------|--------------|
| <u>Alternative 3</u> | <u>SEG</u> |
| 1997-99 REVENUE (Change to Base) | \$0 |
| [Change to Bill | - \$115,600] |

Prepared by: Cheryl McIlquham

MO# Alt 1

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

AYE 5 NO 11 ABS

TRANSPORTATION

Special License Plate for Antique Motorcycles

Motion:

Move to require the Department of Transportation (DOT) to issue a special license plate to any person who is a resident of this state and the owner or subsequent transferee of a motorcycle which has a model year of 1945 or earlier and which has not been altered or modified from the original manufacturer's specifications and who applies for registration of such motorcycle as an antique motorcycle.

Upon payment of a \$5 fee by the applicant, require DOT to furnish registration plates of a distinctive design, in lieu of the usual registration plates, which must show in addition to the registration number that the motorcycle is an antique. Provide that the registration would be valid while the motorcycle is owned by the applicant without payment of any additional fee. Provide that the motorcycle can only be used for special occasions, such as display and parade purposes, or for necessary testing, maintenance and storage purposes.

Allow a person who registers an antique motorcycle to furnish and display on the motorcycle a historical plate from, or representing, the model year of the motorcycle if the registration and plate issued by DOT are simultaneously carried with the motorcycle and are available for inspection.

Specify that, unless inconsistent with antique motorcycle provisions, the provisions applicable to other motorcycles would also apply to antique motorcycles.

Provide that these provisions would become effective January 1, 1998.

Note:

Under current law, DOT issues special license plates for antique motor vehicles that have a model year of 1945 or earlier. The registration period for such these vehicles is non-expiring. A one-time \$5 fee is required upon application for the antique special license plate.

This motion would establish a special license plate for antique motorcycles and would apply current law provisions for antique motor vehicles to the extent practicable.

MO#

| | | | |
|------------|-----|---|---|
| BURKE | (Y) | N | A |
| DECKER | (Y) | N | A |
| GEORGE | (Y) | N | A |
| ZJAUCH | (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 16 NO 0 ABS 0

TRANSPORTATION

"Children First" Special License Plate

Motion:

Move to require the Department of Transportation to issue a "Children First" special license plate for persons interested in expressing support for the prevention of child abuse and neglect. Provide that these special plates would be available for automobiles, station wagons or motor homes, for motor trucks, dual purpose motor homes or dual purpose farm trucks registered at a gross weight of up to 8,000 pounds and for farm trucks with a gross weight of up to 12,000 pounds.

Require DOT to specify the design for the Children First special plate, but that the DOT must consult the Child Abuse and Neglect Prevention Board before specifying the design for the special license plate. Further, the DOT may not specify the word or words or the symbol for the special license plates unless the word or words or the symbol is approved in writing by the Board.

Require DOT to charge a \$15 fee for the issuance/reissuance of this special plate. In addition, require DOT to charge an additional \$20 fee on an annual basis for this special group license plate. Provide that funds received from the \$20 fee in excess of the initial costs of data processing for the "Children First plate" or \$35,000, whichever is less, be deposited in the children's trust fund. Modify the current appropriation from the children's trust fund to limit grants made from the trust fund to the amounts in the schedule. Provide that the \$20 annual fee would be a tax deductible charitable contribution to the extent permitted under current law.

Require DOT to issue a replacement of the special plate upon satisfactory proof of the loss or destruction of a Children First special plate and payment of a \$6.00 fee for each replacement plate.

Specify that these provisions would take effect January 1, 1999.

Note:

Under current law, members of authorized special groups may obtain special license plates whose colors and design indicate that the vehicle is owned by a member of the applicable special group. A fee, in addition to the regular registration fee, is assessed for the issuance or reissuance

of most special plates. Currently, this fee is \$15 for UW System plates and the sesquicentennial plate, \$10 for military and civilian plates, \$5 for vehicle collector plates and \$0 for endangered resources and Somalia War veteran plates.

This motion would create a "Children First" special license plate that would require an annual \$20 fee that would be deposited in the children's trust fund. This motion would not increase expenditure authority from the trust fund. Rather, by specifying that grants from the trust fund are limited the amounts in the schedule, funds deposited from the sale of the new license plates would accumulate in the trust fund.

| MO# _____ | | | |
|-----------|----------------------------------|-----|----------|
| 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 | <u>16</u> | NO | <u>0</u> |
| | | ABS | <u>0</u> |

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Registration and Titling Exemption for Certain Mobile Homes and Consolidation of Registration Categories for Camping Trailers and Mobile Homes (DOT -- Motor Vehicles)

[LFB Summary: Page 605, #16 and #17]

CURRENT LAW

Current law requires mobile homes to be registered with the DOT for the prescribed fee. Further, the owner of a vehicle subject to registration in Wisconsin, whether or not such vehicle is operated on any highway of the state, must apply for a certificate of title for that vehicle. DOT requires a fee of \$12.50 for filing an application for the first certificate of title or for a certificate of title after a transfer. Of this amount, \$5.00 is retained by DOT and \$7.50 is transferred to the Department of Natural Resources nonpoint source pollution account of the environmental fund.

Under current law, the annual registration fee for camping trailers over 3,000 pounds and mobile homes is \$12 for those 25 feet or less in length and \$18 for those more than 25 feet in length.

GOVERNOR

Delete \$69,800 SEG in 1997-98 and \$69,700 SEG and 1.57 SEG positions in 1998-99 and decrease estimated transportation fund revenues by \$198,900 annually to reflect proposed changes to the registration and titling of mobile homes. Exempt a mobile home over 45 feet in length from vehicle registration provisions and eliminate the requirement that it be titled, unless it has been titled prior to the effective date of the bill. Specify that a person who purchases a mobile

home that is exempt from registration, and for which a certificate of title has been issued prior to the effective date of the bill, must apply for a certificate of title under current provisions related to the transfer of titles. The revenue reduction reflects the loss of current registration (\$18) and titling (\$5 DOT share) fees for these mobile homes.

Establish the annual registration fee for camping trailers over 3,000 pounds and mobile homes 45 feet or less in length at \$15. Increase estimated transportation fund revenues by \$23,000 annually to reflect this change.

DISCUSSION POINTS

1. Under the bill, DOT would no longer issue certificates of title for mobile homes longer than 45 feet. According to the DOT, since mobile homes are large manufactured housing structures that are primarily stationary, it seems inappropriate for them to be included as vehicles that are titled by DOT. In addition, eliminating titling and registration would produce estimated reductions in operating costs for the Division of Motor Vehicles (DMV) of \$139,500 over the biennium.

2. The Wisconsin Manufactured Housing Association (WMHA) has expressed concerns with the proposal to eliminate titling of mobile homes. The WMHA states that, although it generally supports ending the issuance of "automobile titles for residential manufactured homes," the bill does not provide an adequate substitute for financial lenders to secure liens. WMHA believes that, without such a mechanism, financial lenders will "withdraw from the manufactured housing market...[and that] any downturn in manufactured housing availability will drastically affect housing choices in the state, particularly for moderate income families."

3. It has been suggested that filing financial statements under the Uniform Commercial Code may provide a reliable substitute for titling. However, based on comments received by WMHA from financial lenders, including one company that conducts business in Wisconsin (as well as most other midwestern states) and deals solely in mobile home/manufactured housing transactions, the following concerns regarding the use of financing statements in place of titling have been expressed:

- A title is evidence of ownership and can be used as a means to perfect a lien, whereas a financing statement can be used only for the latter.

- Many mobile/manufactured homes that become fixtures to real property are not actually covered by a lender's mortgage because the buyer elected to extend a lien on the home only. Therefore, it cannot be assumed that financial lenders are protected by mortgage instruments.

- Financing statements are not designed for long-term debt and must be renewed every five years. Loans for manufactured homes generally have terms of 15 to 30 years.

- Lack of an efficient and fully computerized administrative system for filing, accessing and releasing financing statements with the county or the state Department of Financial Institutions.

4. The bill would delete \$69,800 in 1997-98 and \$69,700 and 1.57 positions in 1998-99 to reflect reduced workload associated with this registration and titling. Should the Committee adopt an alternative to continue this registration and titling, these reductions could not be made.

5. In addition to funding associated with workload changes, the bill includes decreases in estimated revenues of \$198,900 annually to reflect a decline in fees collected for these transactions. The bill also includes provisions that would consolidate registration categories for camping trailers over 3,000 pounds and mobile homes 45 feet or less in length. Should the Committee adopt an alternative that would require DOT to continue titling of mobile homes greater than 45 feet in length, it would be necessary to modify the registration consolidation provisions of the bill to include these homes. This would establish the registration fee for mobile homes greater than 45 feet at \$15. Under this alternative, compared to the base, estimated revenues would increase by \$17,400 annually.

6. Current law requires, in addition to the \$5 fee paid to DOT, a \$7.50 nonpoint source pollution fee for each application for a first certificate of title or for a certificate of title after transfer. The bill does not reflect a reduction in segregated revenues to DNR's nonpoint source pollution account of the environmental fund associated with the proposal to eliminate titling of mobile homes. Should the Committee adopt an alternative to eliminate this titling, it would be necessary to include segregated revenue reductions to the nonpoint source pollution account of \$135,000 annually.

7. DOT indicates that the provisions of the bill are intended to eliminate titling for all types of mobile homes and manufactured homes currently titled. In order to accomplish this, however, a technical modification to the provisions of the bill would be necessary to clarify that titles would no longer be issued for certain manufactured homes if the Committee elects to discontinue titling and registration for these homes.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation, as modified to include all types of mobile homes and manufactured homes currently titled, to: (a) exempt a mobile or manufactured home over 45 feet in length from vehicle registration provisions and eliminate the requirement that it be titled, unless it has been titled prior to the effective date of the bill; (b) specify that a person who purchases a mobile home that is exempt from registration, and for which a certificate of title

has been issued prior to the effective date of the bill, must apply for a certificate of title under current provisions related to the transfer of titles; and (c) establish the annual registration fee for camping trailers over 3,000 pounds and mobile homes 45 feet or less in length at \$15. Delete \$69,800 SEG in 1997-98 and \$69,700 SEG and 1.57 SEG positions in 1998-99 and decrease estimated transportation fund revenues by \$175,900 annually. Decrease segregated revenues to the Department of Natural Resources' nonpoint source pollution account of the environmental fund by \$135,000 annually.

| <u>Alternative 1</u> | <u>SEG</u> |
|------------------------------------|--------------|
| 1997-99 REVENUE (Change to Base) | - \$621,800 |
| [Change to Bill] | - \$270,000] |
| 1997-99 FUNDING (Change to Base) | - \$139,500 |
| [Change to Bill] | \$0] |
| 1998-99 POSITIONS (Change to Base) | - 1.57 |
| [Change to Bill] | 0.00] |

2. Continue current law provisions with regard to vehicle registration and titling requirements for mobile homes over 45 feet in length. Establish the annual registration fee for camping trailers over 3,000 pounds, mobile homes and manufactured homes at \$15. Increase estimated transportation fund revenues by \$17,400 annually to reflect this change.

| <u>Alternative 2</u> | <u>SEG</u> |
|------------------------------------|------------|
| 1997-99 REVENUE (Change to Base) | \$34,800 |
| [Change to Bill] | \$386,600] |
| 1997-99 FUNDING (Change to Base) | \$0 |
| [Change to Bill] | \$139,500] |
| 1998-99 POSITIONS (Change to Base) | 0.00 |
| [Change to Bill] | 1.57] |

3. Take no action.

| <u>Alternative 3</u> | <u>SEG</u> |
|------------------------------------|------------|
| 1997-99 REVENUE (Change to Base) | \$0 |
| [Change to Bill] | \$351,800] |
| 1997-99 FUNDING (Change to Base) | \$0 |
| [Change to Bill] | \$139,500] |
| 1998-99 POSITIONS (Change to Base) | 0.00 |
| [Change to Bill] | 1.57] |

MO# Alt 2

| | | | |
|-----------|---|---|---|
| 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 14 NO 2 ABS 0

Prepared by: Cheryl McIlquham

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Miscellaneous Budget Adjustments (DOT -- Motor Vehicles)

[LFB Summary: Page 606, #19]

CURRENT LAW

The 1996-97 base budget for the Division of Motor Vehicles is \$69,269,200 SEG.

GOVERNOR

Delete \$48,000 SEG from supplies and services in 1997-98 and provide \$145,900 SEG for LTE salaries in 1998-99.

DISCUSSION POINTS

1. Under the bill, these adjustments were made in conjunction with other items in the Division of Motor Vehicles' budget to provide overall costs and savings equal to zero.
2. In the context of considering the Department's expenditures and revenues, it is not necessary for the Committee to include these adjustments that are internal to the Division of Motor Vehicles' budget.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation to delete \$48,000 SEG from supplies and services in 1997-98 and provide \$145,900 SEG for LTE salaries in 1998-99.

| <u>Alternative 1</u> | <u>SEG</u> |
|----------------------------------|------------|
| 1997-99 FUNDING (Change to Base) | \$97,900 |
| [Change to Bill] | \$0] |

2. Take no action.

| <u>Alternative 2</u> | <u>SEG</u> |
|----------------------------------|-------------|
| 1997-99 FUNDING (Change to Base) | \$0 |
| [Change to Bill] | - \$97,900] |

Prepared by: Cheryl McIlquham

No action

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 _____ NO _____ ABS _____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Sale of Accident and Citation Records (DOT -- Motor Vehicles)

[LFB Summary: Page 609, #25]

CURRENT LAW

Nonstatutory provisions of 1995 Act 113 authorized DOT to enter into a contract with a person to furnish any records that contain information from files of motor vehicle accidents or uniform traffic citations and which were produced for, or developed by, DOT for purposes related to maintenance of the operating record file data base. Current law requires DOT and the person desiring to contract with DOT to make a good faith effort to negotiate the purchase price for the records to be provided. No such record may be furnished after June 30, 1997.

Act 113 further requires DOT to submit a report to each member of the Joint Committee on Finance summarizing the terms and conditions of any contract entered into. If, during the period of any contract, DOT determines that the cost of providing operators' records, uniform traffic citations and motor vehicle accident reports exceeds the total revenues received from the sale of those records, DOT must submit a report to the Committee summarizing the expenditures and revenues related to the sale of those records.

These nonstatutory provisions of Act 113 would not apply after June 30, 1997.

GOVERNOR

Establish in statute the nonstatutory provision of 1995 Act 113 that authorized DOT to enter into a contract with a person to furnish any records containing information from files of motor vehicle accidents and uniform traffic citations. Repeal the June 30, 1997, sunset date on

the authorization to contract and furnish records. Delete the requirement that DOT report to the Joint Committee on Finance on the terms of any contract and its effect on net revenues from the sale of records.

DISCUSSION POINTS

1. On May 14, 1996, DOT entered into a contract with Explore Information Services of Red Wing, Minnesota, for the periodic sale of information from the files of uniform traffic citations. As required under the provisions of Act 113, DOT submitted a letter and a copy of the contract to each member of the Committee on May 23, 1996.

2. The terms of the agreement between DOT and Explore include a formula for payment for records that contain information from files of uniform traffic citations that are provided to Explore on computer tape each month.

3. DOT indicates that, to date, revenue received from the sale of driver records has not been negatively impacted to the point where providing the records to Explore under the agreement is not cost-effective.

4. The bill would continue DOT's authority to contract for the sale of records by repealing the June 30, 1997, sunset date, but would delete the provisions that establish an oversight role by the Committee with regard to such contracts and their impact on revenues received by DOT from the sales of records. The Department's rationale for proposing elimination of the Committee's oversight role is that the terms of the contract include provisions allowing for adjustment of the payment formula and the resolution of disagreements. Specifically, the contract states:

Explore agrees to pay the Department for the Records in accordance with the formula set forth... This agreement and the charges for the Records shall be reviewed and adjusted as necessary by the Department and Explore on a monthly basis during the first six months of the agreement and as needed thereafter. [With regard to disagreements between the parties]... Any dispute that is not resolved by means of consultation within thirty (30) days of the written request for consultation shall be decided by the Secretary or his designee (who shall not be an employee of the Division of Motor Vehicles).

5. The contract with Explore will terminate on June 30, 1997, but, as stated in the contract, it "may be renegotiated or extended if the Wisconsin Legislature extends WisDOT's statutory authority to enter into the relationship...". Should this authority be granted, DOT indicates that it intends to continue contracting for the sale of these records.

6. Given DOT's limited experience with Explore and the fact that DOT may enter into additional agreements, the Committee may wish to retain and establish in statute the provision that requires DOT to inform the Committee of contract terms and the impact of current and future contracts on revenues from the sale of records.

ALTERNATIVES TO BASE

1. Adopt the Governor's recommendation to establish in statute a nonstatutory provision of 1995 Act 113 that authorized DOT to enter into a contract with a person to furnish any records containing information from files of motor vehicle accidents and uniform traffic citations. Repeal the June 30, 1997, sunset date on the authorization to contract and furnish records. Delete the requirement that DOT report to the Joint Committee on Finance on the terms of any contract and its effect on net revenues from the sale of records.

2. Establish in statute provisions that: (a) authorize DOT to enter into a contract with a person to furnish any records containing information from the files of motor vehicle accidents and uniform traffic citations; and (b) require DOT to report to each member of the Joint Committee on Finance on the terms of any contract and any negative effect on the net revenues from the sale of such records. In addition, repeal the June 30, 1997, sunset date on the authorization to contract and furnish records.

3. Take no action.

Prepared MO# Alt 2

| | | | |
|-----------|----------------------------------|---|---|
| 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 |
| 2 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

MO# Alt 1

| | | | |
|-----------|----------------------------------|----------------------------------|---|
| BURKE | Y | <input checked="" type="radio"/> | A |
| DECKER | Y | <input checked="" type="radio"/> | A |
| GEORGE | Y | <input checked="" type="radio"/> | A |
| JAUCH | Y | <input checked="" type="radio"/> | A |
| WINEKE | <input checked="" type="radio"/> | N | A |
| SHIBILSKI | Y | <input checked="" type="radio"/> | A |
| COWLES | Y | <input checked="" type="radio"/> | A |
| PANZER | Y | <input checked="" type="radio"/> | A |
| 2 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 | Y | <input checked="" type="radio"/> | A |
| COGGS | Y | <input checked="" type="radio"/> | A |

AYE 7 NO 9 ABS 0

TRANSPORTATION

Electronic Processing of Registrations and Titles by Financial Institutions

Motion:

Move to delete \$444,700 SEG and 13.6 SEG positions in 1998-99 associated with an initiative that would allow financial institutions to electronically process original vehicle registrations and titles for vehicles for which they hold liens. Establish a \$5 transaction fee for electronic processing of applications for vehicle registrations and titles by financial institutions, effective January 1, 1998.

Note:

The bill includes a reduction of \$444,700 SEG and 13.6 SEG positions in 1998-99 associated with an initiative that would allow financial institutions to electronically process original vehicle registrations and titles for vehicles for which they hold liens. In addition, the bill reflects a \$482,000 reduction in estimated transportation fund revenues in 1998-99 associated with decreased counter fees from registration and title applicants (current law establishes a \$5 counter fee for transactions involving titles that are conducted at a DMV service center).

This motion makes the same funding and position reductions as the bill. In addition, the motion establishes a \$5 transaction fee for the electronic processing of these documents by a financial institution. The revenues generated by this transaction fee would offset the decrease in counter fee revenues under the bill.

[Change to Base: -\$444,700 SEG and -13.60 SEG positions]

[Change to Bill: \$482,000 SEG-REV]

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

AYE 6 NO 0 ABS 0

TRANSPORTATION

Permit Electronic Processing of Liens on Vehicle Titles

Motion:

Move to permit DOT to substitute electronic forms for existing forms and redefine "deliver" to include electronic transmission for the following: (a) certificates of title; (b) applications for certificates of title; (c) mileage disclosure forms that are required when ownership is transferred; (d) forms that collect information DOT requires to indicate ownership of a vehicle was transferred through an auction sale or by motor vehicle salvage pool; (e) forms that allow an applicant for certificate of title to designate, or reverse such designation, that his or her name, street address, post-office box number and 9-digit extended zip code may not be disclosed, except for certain legally authorized purposes; and (f) applications to name a secured party on the certificate of title.

Delete current law provisions that require individuals who have National Guard, fire fighter, rescue squad or emergency medical technicians license plates, including personalized plates for any of these, and who do not maintain membership in the applicable group during a year which is not a plate issuance year, to return the certificate of title to DOT for correction. Delete similar provisions that require individuals who have personalized plates, but who do not pay the necessary fee to maintain such plates in a year which is not a plate issuance year, to return the certificate of title to DOT for correction.

Establish a January 1, 1999, effective date for these provisions.

Delete \$153,200 SEG and 2.3 SEG positions in 1998-99 to reflect savings due to these changes.

Note:

This motion would allow DOT to use electronic forms for several transactions related to vehicle titles that are currently done with paper forms. This includes the delivery of the title in an electronic format and the application to name a secured party on the certificate of title. Electronic titles would be used primarily with large fleet owners such as utilities or

municipalities. Electronic notification of security interest would allow financial institutions to designate that they hold a lien on the vehicle without using paper forms.

This motion is similar to an item in the bill that would both permit DOT to do these transactions electronically and require DOT to deliver titles to lienholders instead of to the vehicle owner. The motion, however, retains current law with regard to who holds the title, requiring DOT to deliver the title to the owner.

[Change to Base: -\$153,200 SEG and -2.30 SEG positions]

[Change to Bill: None]

| 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 _____ NO _____ ABS _____

TRANSPORTATION

Motor Vehicle Emissions Limitations Exemptions

Motion:

Move to exempt a motor vehicle with a gross vehicle weight rating exceeding 8,500 pounds, as determined by the manufacturer of the vehicle, from emissions limitations.

Note:

Federal regulations assume the standards for enhanced inspection and maintenance programs would apply to all 1968 and later model year light duty vehicles and light duty trucks up to an 8,500 pounds gross vehicle weight rating. Current state law exempts motor vehicles with a gross vehicle weight rating exceeding 14,000 pounds from emissions limitations. This motion would modify current law to also exempt motor vehicles with gross vehicle weight ratings between 8,500 pounds and 14,000 pounds from emissions limitations.

If this change were implemented, the state would have to seek approval from the federal Environmental Protection Agency of an amendment to the state implementation plan that is submitted by DNR. The amendment would have to set forth an alternative mechanism for attaining the current level of reductions in ozone pollutants such as stricter vehicle emissions standards, annual emissions testing on other pollution reduction standards for stationary sources. In addition, DOT indicates that certain data processing changes would be necessary in an attempt to identify vehicles that fall within the 8,500 pound threshold.

| | | | |
|-----------|-----------------|-----------------|-------------------|
| MO# _____ | A A A A A A A A | A A A A A A A A | |
| | N N N N N N N N | N N N N N N N N | |
| | Y Y Y Y Y Y Y Y | Y Y Y Y Y Y Y Y | |
| | BURKE | JENSEN | |
| | DECKER | OURADA | |
| | GEORGE | HARSDORF | |
| | JAUCH | ALBERS | |
| | WINEKE | GARD | |
| | SHIBILSKI | KAUFERT | |
| | COWLES | LINTON | |
| | PANZER | COGGS | |
| | | | AYE 5 NO 11 ABS 0 |

TRANSPORTATION

Motor Vehicles

LFB Summary Items for Which No Issue Papers Have Been Prepared

| <u>Item #</u> | <u>Title</u> | MO# | | | |
|---------------|--|-----------|-------------------------------------|---|---|
| 2(part) | Motorcycle Registration Fee Increases | | <i>include</i> | | |
| 4 | Enhanced Vehicle Inspection and Maintenance Program | | <i>Items</i> | | |
| 5 | Computer Database Redesign | BURKE | <input checked="" type="checkbox"/> | N | A |
| 8 | Electronic Processing of Registrations and Titles by Financial Institution | DECKER | <input checked="" type="checkbox"/> | N | A |
| 9 | Electronic Processing of Registrations and Titles by Fleet Company | GEORGE | <input checked="" type="checkbox"/> | N | A |
| 10 | Electronic Filing of Proof of Insurance | JAUCH | <input checked="" type="checkbox"/> | N | A |
| 11 | Issuance of Certificates of Title | WINEKE | <input checked="" type="checkbox"/> | N | A |
| 15 | Increase Fees for Commercial Driving Schools and Instructors | SHIBILSKI | <input checked="" type="checkbox"/> | N | A |
| 18 | Eliminate Proof of Financial Responsibility Requirement for Operators | COWLES | <input checked="" type="checkbox"/> | N | A |
| 20 | Eliminate Place of Birth Requirement for Operator's License | PANZER | <input checked="" type="checkbox"/> | N | A |
| 21 | Eliminate Vehicle Identification Number Inspections | JENSEN | <input checked="" type="checkbox"/> | N | A |
| 22 | Farm Semitrailer Registration | OURADA | <input checked="" type="checkbox"/> | N | A |
| 23 | Driver Education License Plates | HARSDORF | <input checked="" type="checkbox"/> | N | A |
| | | ALBERS | <input checked="" type="checkbox"/> | N | A |
| | | GARD | <input checked="" type="checkbox"/> | N | A |
| | | KAUFERT | <input checked="" type="checkbox"/> | N | A |
| | | LINTON | <input checked="" type="checkbox"/> | N | A |
| | | COGGS | <input checked="" type="checkbox"/> | N | A |

AYE _____ NO _____ ABS _____

LFB Summary Items for Introduction as Separate Legislation

| <u>Item #</u> | <u>Title</u> |
|---------------|---|
| 3 | Absolute Sobriety Law Age Change |
| 24 | Vehicle Registration for Lessees |
| 26 | Address Information on Registration and Certificate of Title Applications |
| 27 | Limit Municipal Liability for Negligent Operation of a Snowplow |
| 28 | Restrict the Allowable Following Distance Behind a Snowplow |
| 29 | Denial of Licenses for Failure to Pay Child Support and Tax Delinquency |
| 30 | Access to DOT Records |