



## Wisconsin Department of Transportation



Tommy G. Thompson  
Governor

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Secretary

DIVISION OF MOTOR VEHICLES  
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### ASSEMBLY TRANSPORTATION COMMITTEE

February 24, 2000

Remarks, Carson P. Frazier

#### AB 667: Seller notification to DMV of selling a vehicle

- Under this bill, vehicle titles would have a tear-off section, which the seller would submit to DMV when selling the vehicle. The notification would show the seller's name and address, the buyer's name and address, the selling price and the sale date. DMV would record this information in the vehicle record. This step would be in addition to the buyer's having to register the vehicle in his or her own name.
- The purpose of this legislation is to protect people who have sold their vehicles, in case the buyer does not register the vehicle in his or her own name, and then the buyer gets parking or moving violations which get sent to the former owner. This problem almost always happens in a "private sale," not in a dealer trade-in, because the dealer is responsible for submitting all the paperwork to DMV in a timely manner. A seller should always make a bill of sale and keep a copy of it, to document sale in case this ever happens to them. And, for all light vehicles, the seller should take the plates off when selling the vehicle.
- For the extra processing and all the mail it would generate, AB 667 has a high price tag. DMV would need to hire 24.3 new permanent positions, for an annual cost of almost \$900,000. Also, there would be a one-time cost of almost \$400,000 to equip those positions and to modify our data processing system to record selling information.
- But, for this significant investment, benefits are not at all certain.
- First, if a former owner gets caught in the situation where the new owner has not registered, and wrongly receives tickets, if the seller documents to the law enforcement agency that the vehicle was sold, the tickets are generally dismissed. This is of course a hassle for the seller to go through, but we don't know if the problem occurs frequently enough to warrant this sizeable public investment.

- Second, we have heard that such a law could have totally unintended consequences. We heard from the DMV in the State of Washington that sometimes individuals will actually harass people by using this law to notify DOT that they have sold a vehicle -- when they really have not -- so traffic tickets will be sent to an unsuspecting person.
- Finally, Wisconsin recently adopted a "mandatory display" law which requires buyers to register vehicles in their own names within 2 business days of buying. When the buyer registers in his or her own name, DMV records are updated to reflect that fact. And, the vehicle has a plate on it which can be tracked to the new owner. This law went into effect in September 1998, so it's only been the law in Wisconsin for a year and a half.
- DOT believes that as the mandatory display law is more well known and enforced, this will virtually solve the problem of former owners getting ticketed for vehicles they no longer own. Even if there is still some non-compliance, the question is whether getting complete compliance is worth the large public expenditure.
- We are currently conducting a statistical study to determine the effectiveness of the mandatory display law. So far, we only have preliminary results from the Madison area, and they are tending to support our contention that the mandatory display law is working.
- We believe we need to give the mandatory display law some more time to work, before we make such a huge investment in staff time and data processing work, for uncertain benefits.

**FISCAL ESTIMATE FORM**

1999 Session

- ORIGINAL                       UPDATED  
 CORRECTED                       SUPPLEMENTAL

**LRB # 99 LRB-3109/2**

**INTRODUCTION # 1999 AB 667**

Admin. Rule #

**Subject**  
the transfer of an interest in a motor vehicle

**Fiscal Effect**

State:  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget  Yes  No

- Increase Existing Appropriation                       Increase Existing Revenues  
 Decrease Existing Appropriation                       Decrease Existing Revenues  
 Create New Appropriation

Decrease Costs

Local:  No local government costs

1.  Increase Costs  
 Permissive     Mandatory  
 2.  Decrease Costs  
 Permissive     Mandatory

3.  Increase Revenues  
 Permissive     Mandatory  
 4.  Decrease Revenues  
 Permissive     Mandatory

5. Types of Local Governmental Units Affected:  
 Towns     Villages     Cities  
 Counties     Others \_\_\_\_\_  
 School Districts     WTCS Districts

**Fund Sources Affected**

- GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations**

20.395(5)(cq); 20.395(4)(aq)

**Assumptions Used in Arriving at Fiscal Estimate:**

**This bill requires DOT to attach a notice of transfer with each vehicle title it issues, which the vehicle seller may detach, fill out, and forward to DMV within two days of sale. The "seller notification" form contains the name and address of the seller, name and address of the buyer, date of sale, and sale price, and is to be signed by the seller. The seller notification requirement applies to all vehicle transfers. However, notification to DMV is voluntary in that DMV may not refuse to issue a new title to the vehicle purchaser if the seller has failed to submit a seller notification to DMV.**

**One-time costs: Significant modifications to the data processing system would be required. This includes creating data elements; modifying several title/registration sub-systems to recognize the new data elements; and showing this information on inquiry screens. Also, title print would be modified to pre-print vehicle and owner information on the detachable seller notification form. Data processing work is estimated to require 315 days at a cost of \$181,800. Other one-time cost of \$202,800 is required to equip the added positions. Total one-time cost is \$384,600.**

**Volume: We believe that most notifications would come from people who sell their vehicles privately (not through a dealer), because historically most problems with the purchaser not titling the vehicle have occurred in private sales. Because all currently issued titles will not have a tear-off portion, we assume that a "seller notification form" will also be available from DMV. Thus, for full program level, this estimate assumes that all private sales and 5% of dealer sales represents the number of people who would use the seller notification process. Based on 1999 title transactions, this number would be about 600,000 notifications per year.**

**Annual costs: Based on our staffing study, we estimate a volume of 600,000 notifications per year would require 24.3 FTE permanent positions for mail opening and information processing, for an annual cost of \$752,900 salary and fringe benefits. Other annual ongoing costs of \$121,200 reflect staff support costs, added forms cost, and added postage costs.**

**Long-Range Fiscal Implications:**

**This estimate assumes DOT could actually undertake DP work. However, DOT's DP staff is extremely limited; and some enacted legislation cannot currently be implemented. This project would redirect staff committed to DP system redesign and other project areas, resulting in further delay in those areas.**

Prepared By: / Phone # / Agency Name  
 Carson P. Frazier / 266-7857 / Transportation

Authorized Signature / Telephone No.  
 266-2233

Date  
 2/1/00

*Handwritten:* Jacy 2/1/00

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

1999 Session

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB # 99 LRB-3109/2

Admin. Rule #

INTRODUCTION # 1999 AB 667

Subject  
transfer of interest in a motor vehicle

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):  
 One-time cost of \$384,600: \$181,800 for DP modifications plus \$202,800 to equip added positions

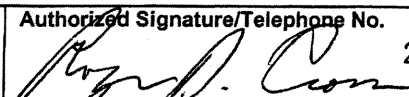
II. Annualized Costs:		Annualized Fiscal impact on State funds from:	
A. State Costs by Category		Increased Costs	Decreased Costs
State Operations - Salaries and Fringes		\$ 752,900	\$ -
(FTE Position Changes)		(24.3 FTE)	(- FTE)
State Operations - Other Costs		121,200	-
Local Assistance			-
Aids to Individuals or Organizations			-
<b>TOTAL State Costs by Category</b>		<b>\$ 874,100</b>	<b>\$ -</b>
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S		874,100	-
III. State Revenues		Increased Rev.	Decreased Rev.
Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$ -</b>

**NET ANNUALIZED FISCAL IMPACT**

STATE

LOCAL

NET CHANGE IN COSTS                      \$874,100                      \$                      \_\_\_\_\_  
 NET CHANGE IN REVENUES                      \$                      \_\_\_\_\_                      \$                      \_\_\_\_\_

Prepared By: / Phone # / Agency Name Carson P. Frazier / 266-7857 / Transportation	Authorized Signature/Telephone No.  266-2233	Date 2/1/00
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**To:** All Legislators  
**From:** Representative Mark Pettis  
**Date:** November 19, 1999  
**Re:** LRB 3109/2. Concerning transfers of interest for private motor vehicle transactions.

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Under current Wisconsin law, private individuals who sell a motor vehicle are held liable for any damages incurred by that motor vehicle until the Department of Transportation (DOT) receives the certificate of title which has been signed and sent by the purchaser. Resultantly, the seller is placed at considerable disadvantage during the period that the title is in transfer.

One can imagine a scenario where an individual sells a motor vehicle, and the purchaser begins to drive the vehicle around after the purchase. Yet, the buyer does not send the title to the DOT immediately after he receives and signs it. During the delay, the buyer gets into an accident with their newly purchased vehicle. The seller, at that point, is liable for all of the resulting damages due to the procrastination of the buyer.

LRB 3109/2 is meant to lessen the risks inherent in the process of a motor vehicle sale. Under this bill, a detachable notice of interest form would be attached to certificates of title. Upon the sale of a motor vehicle, the owner and purchaser would each sign their names and addresses, the amount paid for the vehicle, and the date of the transaction. The seller of the vehicle would then be required to send that notice of transfer of interest to the DOT within two business days after the transaction. That will minimize the risks of liability for the sellers of these motor vehicles. They will be in control of the matter, instead of relying upon the buyer.

This bill will not affect transfers by motor vehicle dealers or transfers of salvage vehicles. It is primarily intended for the transfer of motor vehicles by private individuals.

If you would like to co-sponsor LRB 3109/2, please contact my office at 7-2365 by December 7<sup>th</sup>, 1999.

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#### *Analysis by the Legislative Reference Bureau*

Under current law, upon transferring an interest in a motor vehicle, the owner is required to execute an assignment and warranty of title to the purchaser of the motor vehicle and deliver the certificate of title to the purchaser. The owner must also disclose the motor vehicle's mileage in writing to the purchaser and, in most cases, remove the registration plates from the motor vehicle. After an owner complies with these requirements, the owner is no longer liable as an owner for any damages that result from operation of the motor vehicle.

Current law also requires the purchaser of a motor vehicle to forward the transferred certificate of title with an application for a new certificate of title to the department of transportation (DOT). A purchaser must also apply within two business days after the transfer of interest in the motor vehicle to DOT for temporary registration plates.

Under this bill, DOT must attach a notice of transfer of interest to each certificate of title it issues after the effective date of this bill. The notice must be easily detachable from the certificate of title and include spaces for the signatures of the owner, the names and addresses of the owner and purchaser, the date of the transfer of interest and the amount paid by the purchaser. This bill requires the owner of a motor vehicle who transfers an interest in a motor vehicle for which a certificate of title was issued by DOT after the effective date of this bill to forward to DOT a completed notice of transfer of interest within two business days after the transfer of interest. This bill does not apply to transfers of salvage vehicles or transfers by motor vehicle dealers.

bill. For further information see the *state* fiscal estimate, which will be printed as an appendix to this