

March 2, 2000 *Note: SB 381 is in the Senate, but AB 276 is in the Assembly. *

Senate Bill 381 (Wirch/Kreuser) Assembly Bill 276 (Kreuser/Wirch)

Special license plates and funding for Ducks Unlimited

Summary of Bill -

This bill requires DOT to create a special license plate for people who want to support Ducks Unlimited (there are about 50,000 DU members in Wisconsin). All the money that is earned from sales of the plates, minus whatever DOT skims off the top, would be sent to a new account in the Conservation Fund to make payments to Ducks Unlimited for wetland and habitat preservation efforts. (Note: DOT is asking for way more \$\$ to process these plates than they usually do.)

DU would have to submit to an annual audit of their program and expenditures of state funds. The state payments would be discontinued if DU goes out of business.

Staff Comments -

This probably sets a bad precedent, overriding the new special plate procedure, but what the heck. It's for Sen. Wirch. Plus, it's not that big of a deal and these hunting groups do a lot to preserve wetlands and wild areas. However, I would support any motion to limit the amount of \$\$ that DOT can take for producing this plate - their accounting is suspect here.

Standing Committee Action -

SB 381 was just introduced on Feb. 10, 2000. On Feb. 16th the Senate Committee on Transportation passed the bill 7-0.

Recommended JFC Action -

Approve SB 381

Prepared by: Barry



Legislative Fiscal Bureau

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March 2, 2000

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 381: Special Interest License Plates and Funding for Ducks Unlimited, Inc.

Senate Bill 381 was introduced on February 10, 2000, and referred to the Committee on Insurance, Tourism, Transportation and Corrections. On February 16, that Committee recommended passage of the bill on a vote of 7 to 0. The bill was referred to the Joint Committee on Finance on February 24.

BACKGROUND

Under current law, DOT issues over 50 types of special group license plates to members of certain authorized groups. Prior to October 1, 1998, special group plates had to be authorized in the statutes before DOT could issue plates of that type. Under 1997 Act 255, a procedure was established by which members of a group or organization could apply to the Department for the creation of a special plate for their group. This act specified that no special group plates could be created after October 1, 1998, except through this procedure. There have been no special groups created under the procedure created by 1997 Act 255.

DOT currently issues three types of special license plates for which an additional, annual fee goes to support specific programs: (a) the endangered resources plate, for which an annual fee of \$25 is collected to support endangered resources programs in the Department of Natural Resources; (b) the University of Wisconsin campus plates, for which an annual fee of \$20 is collected for scholarships at the respective campuses; and (c) the celebrate children plate, for which an annual fee of \$20 is collected for the children's trust fund. There are currently about 23,900 vehicles registered with endangered resources plates, 5,700 vehicles registered with University of Wisconsin plates and 2,200 vehicles registered with celebrate children plates.

Ducks Unlimited, Inc., is a non-profit organization whose mission is to fulfill the annual life cycle needs of North American waterfowl by protecting, enhancing, restoring and managing important wetlands and associated uplands.

SUMMARY OF BILL

Senate Bill 381 would require DOT to issue a special group plate to persons interested in obtaining a plate supporting Ducks Unlimited, Inc., and its conservation efforts in the United States, Canada and Mexico and would create an exception for this plate from the provision that specifies that new special plates established after October 1, 1998, must be authorized under the procedure created by 1997 Act 255. The bill would establish a \$15 issuance and reissuance fee for the plate and an annual fee of \$25 (or \$50 for vehicles registered on a biennial basis), in addition to the fee for registering the vehicle. The bill specifies that the \$25 fee could be used in calculating the itemized deduction credit for the purposes of state income taxes to the extent allowed under current law.

Of the revenue generated by the \$25 annual fee for the Ducks Unlimited plate, DOT would retain an amount equal to the Department's initial costs of production of the plate or \$196,700, whichever is less. All remaining revenue generated by the \$25 fee would be deposited in the conservation fund and credited to a newly-created appropriation in the Department of Natural Resources for making payments to Ducks Unlimited, Inc. The \$15 issuance fee would be deposited in the transportation fund.

The bill would require the Department of Natural Resources to enter into an agreement with Ducks Unlimited, Inc., to fund its conservation efforts in the United States, Canada and Mexico with payments from the license plate revenues. The agreement would have to require Ducks Unlimited, Inc., to annually submit to the Attorney General and the presiding officer of each house of the Legislature an audited financial statement of its use of the payments from DNR that is prepared in accordance with generally accepted accounting principals. The bill would specify that payments would be discontinued if Ducks Unlimited, Inc., dissolves or is no longer exempt from federal taxation.

The bill does not have an initial applicability date, but DOT indicates that it could be six to ten months before the plates are ready to be issued, which includes the time to develop a design, order and receive the reflective sheeting (on which the design is imprinted) and manufacture the plates at Badger State Industries.

FISCAL EFFECT

In its fiscal note for the bill, DOT estimates that the cost to perform the data processing necessary to issue the Ducks Unlimited plate would be \$191,600 and the cost to design the plate

would be \$5,700, for a total, one-time cost of \$197,300. For similar bills authorizing other special plates in this session and in previous sessions, DOT had estimated the cost of performing data processing at about \$29,100.

The Department indicates that these earlier estimates were based on incorrect or outdated assessments of what tasks need to be performed, how many programming days are required to perform those tasks and the cost per day for programming. For instance, the earlier estimates are based on an average of \$266 per day for a contract programmer, which was the rate paid in 1995 when the earlier estimate was first calculated, but the current cost is about \$500 per day. Also, in the earlier estimates, DOT underestimated the number of systems that have to be modified in order to accommodate a new, revenue-producing plate. Furthermore, based on the experience of producing other special plates, such as the celebrate children plate and the sesquicentennial plate, the Department has determined that some steps in the programming process took longer to complete than was originally expected. The Department indicates that, because of a high rate of turnover among computer programmers employed by the Department, there are relatively few staff programmers who have experience with the Department's old data processing systems. Similarly, contract programmers are typically not familiar with these systems. The time needed to familiarize programmers with the Department's systems adds to the time needed to make the necessary modifications for creating a new plate type. DOT is in the process of replacing the old systems with new, more efficient systems, but until this process is complete, which is expected to take several years, both the old and new systems must be modified in the process of developing a new plate type.

The bill would allow DOT to recover some or all of its costs by retaining an amount from revenue generated from the annual \$25 plate fee equal to its initial of costs production or \$196,700, whichever is less. Although the bill contains a mechanism for DOT to retain plate revenue to pay for the cost of data processing, this revenue would not be collected until after the data processing is completed. Consequently, the Department would be required to reallocate programming resources from other data processing activities in order to complete the work required to create the plate.

DOT estimates that the average cost to produce a special plate and process the application for the plate is about \$14 per plate set. Based on an estimate of 10,000 plates sold in the first year, DOT estimates that the total cost of purchasing and issuing plates would be \$140,000, including overtime costs and the cost to support an additional 0.7 FTE position. These costs would decline after the first year as sales of new Ducks Unlimited plates declines. Upon issuance of the plate, DOT would collect a \$15 issuance fee, or an estimated \$150,000 in the first year. This revenue would be deposited in the transportation fund, but the bill would not increase the appropriation for the Division of Motor Vehicles to fund the additional costs associated with plate issuance. Consequently, the costs to produce and issue the plates would have to be absorbed within the Division's budget (\$67,937,400 in 2000-01).

If 10,000 plates are sold in the first year, a total of \$250,000 would be collected from the annual \$25 fee in that year. Of this amount, DOT would retain up to \$196,700 for its initial

production costs, leaving \$53,300 for Ducks Unlimited, Inc. In subsequent years, Ducks Unlimited, Inc., would receive all revenue received from the annual \$25 fee. There are over 50,000 members of Ducks Unlimited in Wisconsin.

Prepared by: Jon Dyck