

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-4150/1	Introduction Number AB-832
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Subject
 Vehicle emissions testing and inspections

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.395(5)(cq) one-time DP costs; 20.395(5)(hq) state funds contractor payments

Agency/Prepared By DOT/ Carson Frazier (608) 266-7857	Authorized Signature Carol Buckmaster (608) 267-6979	Date 2/13/2004
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Fiscal Estimate Narratives

DOT 2/13/2004

LRB Number	03-4150/1	Introduction Number	AB-832	Estimate Type	Original
Subject					
Vehicle emissions testing and inspections					

Assumptions Used in Arriving at Fiscal Estimate

2003 LRB-4150/1 changes the time that a non-exempt vehicle is required to receive its first emission test from the second to the fourth year after the vehicle's model year.

One-time cost:

The bill results in a one-time cost of \$7,200 for data processing modifications. This cost is incurred in Appropriation 20.395(5)(cq). The bill does not fund this cost, and it cannot be absorbed within DMV's current budget.

Ongoing fiscal impact:

The ongoing fiscal impact is indeterminate. DOT cannot estimate contractor savings, because the contract with the vendor would need to be amended and payment re-negotiated. Also, DOT is unable to estimate cost of any offsetting actions that DNR might require, to maintain the state's current pollution reduction level.

Contract amendment and payment adjustment:

In Calendar Year 2003, the vehicle emission inspection (I/M) program tested about 101,100 Model Year 2002 and 2003 vehicles. These represent the 2 latest model years which, under this bill, would NOT be tested. Thus, on an annual basis, DOT would test about 101,100 fewer vehicles, which is a decrease of more than 12% from the current estimated test volume.

Section D.12(b) of the current contract between DOT and the contractor provides that any program change that will have "a significant impact on the cost of performance" requires a contract amendment "which shall take into account any equitable adjustment to payment."

Therefore, the payment amount would be adjusted. It is reasonable to assume that DOT would pay the contractor less, for such a significantly reduced test volume. But, since the amount would be negotiated, it is not possible for DOT to make any cost reduction estimate at this time.

Offsetting actions:

Moreover, any savings from reduced contractor payment could be offset to a greater or lesser extent, from offsetting pollution control actions.

Vehicle emission inspection is an element of the Wisconsin State Implementation Plan (SIP) for pollution reduction. The SIP is prepared by DNR and submitted to USEPA for approval.

If DOT were to test fewer newer vehicles each year, DNR would need to address the lost pollution reduction and any impact on the SIP. Since DOT has no way of predicting what approach DNR might take to maintain pollution reduction level, DOT cannot estimate a cost for any offsetting actions. When DOT does know what approach DNR might take, DOT would be able to provide cost estimates.

Previous legislation:

DOT provided a fiscal estimate for 2001 AB 931, both of savings as a result of fewer newer vehicles being tested, and of offsetting cost as a result of expanding the test universe to heavier vehicles. Since that time, however, DOT has entered a new contract with the emission contractor, and DOT is uncertain what approach DNR might take to offset the lost pollution reduction. Therefore, at this time, DOT cannot reliably estimate the fiscal impact of this proposal.

Long-Range Fiscal Implications

DOT cannot predict changes in actions that DNR might require to maintain SIP-specified pollution reduction. DOT cannot estimate potential costs of those actions. When DOT does know what actions DNR might take, DOT would be able to provide cost estimates.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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Subject	
Vehicle emissions testing and inspections	
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):	
The bill results in a one-time cost of \$7,200 for data processing modifications, incurred in Appropriation 20.395(5)(cq). The bill does not fund this cost, and it cannot be absorbed within DMV's current budget.	
II. Annualized Costs:	
	Annualized Fiscal Impact on funds from:
	Increased Costs Decreased Costs
A. State Costs by Category	
State Operations - Salaries and Fringes	\$
(FTE Position Changes)	
State Operations - Other Costs	
Local Assistance	
Aids to Individuals or Organizations	
TOTAL State Costs by Category	\$
B. State Costs by Source of Funds	
GPR	
FED	
PRO/PRS	
SEG/SEG-S	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	
	Increased Rev
	Decreased Rev
GPR Taxes	\$
GPR Earned	\$
FED	
PRO/PRS	
SEG/SEG-S	
TOTAL State Revenues	\$
NET ANNUALIZED FISCAL IMPACT	
	State
	Local
NET CHANGE IN COSTS	\$Indeterminate
NET CHANGE IN REVENUE	\$
Agency/Prepared By	
Authorized Signature	
Date	
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	2/13/2004