

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-3153/1</b>	<b>Introduction Number</b> <b>AB-608</b>	
<b>Subject</b> RV trailers and mobile homes		
<b>Fiscal Effect</b>		
<b>State:</b>		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate		
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<input type="checkbox"/> Decrease Costs		
<b>Local:</b>		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease 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		
<b>Fund Sources Affected</b>		
<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)		
<b>Affected Ch. 20 Appropriations</b>		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOT/ Karen Baetsen (608) 266-0179	Julie Johnson (608) 267-3703	9/6/2005

## Fiscal Estimate Narratives

DOT 9/6/2005

LRB Number	05-3153/1	Introduction Number	AB-608	Estimate Type	Original
<b>Subject</b>					
RV trailers and mobile homes					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires that recreational vehicles and camping trailers register on a biennial basis. The bill further requires that the biennial registration fee is twice the current annual fee. Except for non-expiring and 5-year registrations, motorcycles and mopeds, and certain farm trucks, the bill also allows a person to voluntarily choose to register any other vehicle (including heavy vehicles who register under the International Registration Plan) on a biennial registration basis and pay twice the current annual registration fee. The bill retains the ability of heavy vehicles to register on a quarterly basis.

#### ASSUMPTIONS

Expiration date for camping trailers and mobile homes remains on April 30 and these vehicles will all expire in the same year, determined by the effective date of the bill. New vehicles added to the fleet would pay a prorated registration fee to align their registration period to the above group.

Vehicles that currently have 5-year registrations (driver education, antique, school bus, etc.) and vehicles with non-expiring registrations (semi-trailers, collector, hobbyist, state and municipal) are assumed to be exempt from biennial registration.

An undeterminable number of customers will choose to voluntarily register their automobiles, light trucks, heavy trucks, and trailers on a biennial basis and pay twice the annual registration fee.

Bill language or Administrative Rules will have to be modified to enable voluntary biennial registration to be synchronized with the every other year vehicle emissions testing requirement, established within s.110.20, Wis. Stats., to ensure that vehicle emissions inspection and maintenance, as a condition of registration renewal in certain counties, continues.

#### REVENUE IMPACTS

##### ONGOING REVENUE LOSS:

Provisions of the bill allow heavy vehicles (generally, vehicles in excess of 8,000 pounds) to register with biennial registration. Biennial registration is in direct conflict with language of the International Registration Plan (IRP). States cannot remain members of IRP if they cannot comply with all IRP provisions. Wisconsin has been a member of IRP since 1977 but would be forced to withdraw if this bill is enacted as drafted. Federal law prohibits states that are not members of IRP from collecting interstate registration fees carriers from other states. States either collect interstate registration fees through IRP or not at all. Based on FY 06 IRP revenue projections, Wisconsin would lose \$57 million annually in interstate motor carrier registration fees.

#### COST IMPACTS

##### ONE-TIME COSTS:

Changing only camping trailers and mobile homes to mandatory biennial registration will require modifications to the vehicle registration computer system. The changes will result in minor table changes, resulting in minimal costs that can be absorbed.

Allowing voluntary biennial registration for all other motor vehicles (except motorcycles, mopeds, certain farm trucks, camping trailers, and mobile homes) will require one-time data processing changes to the vehicle registration computer system. It is estimated that the programming changes will require 149 days of effort, at the current \$850/day for contractor time and CPU costs, for a total of \$126,700. DMV cannot absorb this cost.

## Long-Range Fiscal Implications

### Revenue Shift:

During the first year of biennial registration for camping trailers and mobile homes, DOT would receive 2 times the amount of annual registration for these specific vehicles;  $62,200 \times \$30$  biennial fee = \$1,866,000 or \$933,000 increase over current annual revenues.

During the second year of biennial registration for camping trailers and mobile homes, DOT would experience a revenue reduction of \$933,000 from current annual revenues. The ongoing affect of biennial registration of camping trailers and mobile homes would result in \$1,866,000 of revenue in year 1 and zero revenues in year 2. New registrations of these vehicles are largely offset by attrition, as individuals move out of state and take their trailers, and other trailers and RV are scrapped and not replaced, etc.

Likewise, there will be a revenue shift from annual to biennial for those cars, trucks or trailers that are registered biennially, as opposed to the current annual registration. Due to the voluntary aspects of biennial registration, there is no methodology to predict the revenue shift. Late fee revenue may also decline, because fewer renewals would be submitted. Counter service fees may also decline, due to fewer renewal transactions potentially being handled at DMV's Customer Service Centers. Similarly, there are no methodologies to predict either of these revenue losses.

### Biennial Cost Savings:

Shifting camping trailers and mobile homes to biennial registration also has a biennial affect on costs. In the first year, when these vehicle registrations all expire, there are no registration renewals cost savings. However, assuming there are no registration expirations in the second year, there would be \$40,300 of cost savings from renewal notices, postage and handling of renewal stickers for 62,200 fewer renewals. These savings cannot be annualized due to the cyclical nature of the renewal cycle and costs. There are no FTE savings due to the automated print-to-mail function of the renewal process for these vehicles.

### Impacts of IRP Lost Revenues:

The annual loss of \$57 million of IRP revenues would likely affect the Department's Transportation Revenue Bond program. The Department continues to rely on bond proceeds to help fund the statewide highway improvement program. To repay bondholders, the State has pledged the revenue stream from motor vehicle registrations, including the revenues collected from domestic and foreign vehicles registered under the IRP. The loss of IRP revenue could both reduce the revenue stream for paying debt service and limit the Department's capacity to issue bonds in the future.

### Voluntary Registration and Bonding:

Due to the voluntary nature of biennial registration for automobiles and trucks under the bill, there is no way to predict with a degree of confidence the number of customers who will choose to register on a biennial basis versus maintain their current annual registration. Bond-rating agencies prefer stable and predictable revenue flow. Voluntary biennial registration, by its nature, is unpredictable. As a result, bond-rating agencies may not provide as favorable of an analysis of DOT bond requests.

### Affect of Voluntary Biennial Registration on Third-Party Agents:

Approximately 8% of all registration renewals are processed by private businesses acting as a third party agent for the Department. For this service, these agents may charge the customer a service fee for processing their registration renewal. If the volume of annual renewals were to significantly decline under the voluntary biennial registration program, some agents may find the reduced volume no longer profitable and subsequently withdraw from the Department's program. If third-party agents withdraw, DMV can expect some increase in workload at their Customer Service Centers, which will adversely affect customer wait times.

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 05-3153/1	<b>Introduction Number</b> AB-608	
<b>Subject</b>		
RV trailers and mobile homes		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<p>Allowing voluntary biennial registration for all motor vehicles (except motorcycles, mopeds, certain farm trucks, camping trailers, and mobile homes) will require one-time data processing changes to the vehicle registration computer system. It is estimated that the programming changes will require 149 days of effort, for a total of \$126,700. DMV cannot absorb this cost. Changing only camping trailers and mobile homes to mandatory biennial registration will also require modifications to the vehicle registration computer system. These specific changes will result in minor table changes, resulting in minimal costs that can be absorbed.</p>		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		-57,000,000
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>-\$57,000,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-57,000,000	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>

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