



**Fiscal Estimate Narratives**  
**DOR 3/16/2010**

LRB Number	<b>09-3424/1</b>	Introduction Number	<b>AB-0582</b>	Estimate Type	<b>Original</b>
<b>Description</b> Eliminating the authority of municipalities and counties to impose a local motor vehicle registration fee					

**Assumptions Used in Arriving at Fiscal Estimate**

**CURRENT LAW**

Under current law, a county or municipality may enact an ordinance to impose an annual motor vehicle registration fee (also known as a "wheel tax") on most automobiles and light-duty trucks customarily kept in the municipality or county. The local registration fee is in addition to the state motor vehicle registration fee. When the Department of Transportation (DOT) bills a vehicle owner for the state motor vehicle registration fee, any applicable local registration fee is added. The DOT collects the total fee and remits any local registration fee, minus an administrative fee of \$0.10, to the appropriate county or municipality. Proceeds from the "wheel tax" may only be used for transportation purposes.

Under current law, proceeds from the "wheel tax" are included as a "local purpose revenue" (LPR) when calculating aid payments under the aidable revenues portion of the shared revenue formula.

**PROPOSED LAW**

Under the bill, a municipality or county would not be allowed to enact an ordinance to impose an annual motor vehicle fee on any motor vehicle kept in the municipality or county. The imposition of the fee by any municipality or county currently using the fee would be required to cease no more than 18 months after the bill becomes effective.

Under the bill, proceeds from the "wheel tax" would not be considered as a LPR under the aidable revenues portion of the shared revenue formula.

The fee is currently imposed by 3 municipalities and 1 county, with the annual rates and start dates as follows: City of Beloit, \$10 (1986), City of Mayville, \$10 (April 2009); City of Milwaukee, \$20 (November 2008); and St. Croix County, \$10 (January 2008). DOR obtains data on the "wheel taxes" remitted by DOT from the annual financial reports filed with the DOR. The most recent year for which data are available is 2008, which showed "wheel tax" revenues were as follows: City of Beloit, \$275,446, St. Croix County, \$701,466, and (for the part of the year the tax was in effect) City of Milwaukee, \$85,000.

For those counties and municipalities that impose the fee, the loss in revenue under the bill could lead to an increase in property taxes (assuming the locality is not at their property tax levy limit), a decrease in transportation-related spending, or a combination of these two. The DOR does not have information which would permit a reasonable estimate of how local officials would respond.

The aidable revenues portion of the shared revenue formula was last used to calculate payments to municipalities in 2001 and payments to counties in 2003. Therefore, unless the calculation of payments under the aidable revenues formula is reinstated, the bill will have no effect on shared revenue payments.

Administrative costs for the Department of Revenue can be absorbed within current budgetary resources.

**Long-Range Fiscal Implications**