

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-0056/2	Introduction Number AB-0369
Description Regulation of off-highway vehicles, creating an off-highway vehicle council, granting rule-making authority, requiring the exercise of rule-making authority, making appropriations, and providing penalties	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input 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
Local:	
<input type="checkbox"/> No Local Government Costs <input checked="" 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 checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
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	
Agency/Prepared By	Authorized Signature
DNR/ Joe Polasek (608) 266-2794	Joe Polasek (608) 266-2794
	Date
	9/24/2013

Fiscal Estimate Narratives

DNR 9/24/2013

LRB Number	13-0056/2	Introduction Number	AB-0369	Estimate Type	Original
Description Regulation of off-highway vehicles, creating an off-highway vehicle council, granting rule-making authority, requiring the exercise of rule-making authority, making appropriations, and providing penalties					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates two classes of off-highway vehicles (OHVs) along with a corresponding registration fee, creates an OHV council, requires the Department to establish an OHV grant program to organizations that promote OHVs, requires the Department to establish a damage claims program to owners of property damaged by OHVs, requires the Department to encourage and supervise an OHV trail system, and establishes operating and equipment requirements for OHVs.

I. Revenue

It is very difficult to estimate the number of OHV registration under the proposed program. Assuming a total of 8,000 registrations per year, and assuming that they would be evenly split between Class A (\$50/yr. registration fee) and Class B vehicles (\$100/yr. registration fee), annual registration revenue could be as high as \$600,000 [(4,000 * \$50) + (4,000 * \$100)].

Additional, indeterminate revenue would be generated from duplicate and transfer transactions and through the sale of Commercial owner certificates to Class B dealers, renters, distributors, and manufacturers.

II. Costs

A. Bureau of Customer Service and Licensing

1. Automated license issuance system (ALIS) changes: ALIS will be replaced in spring 2015 with a new system currently in development. Rather than pay a change order fee of approximately \$10,000 to the current contractor to update the existing licensing system, the Department would provide off-highway vehicle registration services only at DNR Service Centers, by telephone or by mail during 2014. Once the new licensing system is operational in 2015, off-highway vehicle registrations could be issued, renewed, and transferred via the online licensing/registration system, telephone, DNR Service Centers, registration agents, and by mail. As with ATV/UTV, boat and snowmobile registrations, registration agents in 2015 would be able to provide registration services that include providing a validated registration receipt (for the allowable \$3 fee) with decals arriving via U.S. mail from the DOA print center. Three months would be needed for the Department to obtain the decals and develop an issuance process for off-highway vehicles to be utilized until the license/registration system changes are implemented in 2015.

2. Off-highway vehicle decals – stock, printing, inserting, postage: Two styles of decals must be supplied to allow for the proper application. The Class A decal must be affixed to the upper right interior passenger windshield, while the Class B decal must be affixed on the exterior of the vehicle within two inches of the right rear brake light. Itemized costs related to decals are as follows:

- a. Class A decal with adhesive on front: (10,000 * \$0.10) = 1,000/year
- b. Class B decal with adhesive on back: (10,000 * \$0.10) = 1,000/year
- c. Printing and Postage: (20,000 * \$0.75) = \$15,000/year

3. OHV application: The department will incur costs to develop and print two OHV registration applications: one for individuals wishing to register their OHV and one for Commercial OHV dealers, renters, distributors, and manufacturers. Electronic versions of the OHV registration application will be available online for customers to print, complete, and mail for OHV registration services. Form development and printing costs are itemized as follows:

- a. One-time form development one-time expenses: 40 hrs @ \$22/hr (NR Program Specialist starting wage) = \$900
- b. Annual printing expenses: 25,000 copies/year * \$.05 each = \$1,300

B. Bureau of Law Enforcement

1. Administrative Rules: The Bureau will incur one-time, indeterminate expenses to develop the rules related to an OHV program. bill requires the Department (specifically the Bureau of Law Enforcement) to promulgate several rules, listed as follows:

- a. Development of an educational pamphlet which must be issued to all people issued an OHV registration certificate
- b. Accident reporting for any accident involving death, injury requiring treatment by a physician and property damage that is \$500 or more.
- c. Development of an OHV Safety Education program with a certificate for successful graduates.
- d. Development of rules for local ordinances.

2. This bill provides funding for law enforcement operations expenses, funded from court-imposed forfeitures, and for safety education expenses, funded from fees for OHV safety instruction classes. Both expenses and revenues are considered to be indeterminate.

3. If this bill is enacted there are several requirements that must be completed prior to the start of an OHV program. Other funding sources would have to be used to complete these requirements. If there are an insignificant number of registered users, the Department would look at making most of the requirements involving the OHV program electronic-based. For example, the Department would contract out with an outside vendor to provide an internet-based OHV Education Program, which removes any expense from the Department; however, the Department would be provided \$1 from the vendor to offset printing and mailing of student certificates.

4. The bill requires more stringent accident reporting requirements for operators. In addition to reporting accidents to the Department involving death and injuries requiring medical attention, any property damages of \$500 or more must be reported. This will increase the volume of reports being submitted to the Department and will increase the workload and expense for the Bureau.

C. Bureau of Community Financial Assistance

1. OHV Council – Based on expenses incurred by a similar Council, costs for the first year of OHV Council estimated at \$5,000; while costs in future years are estimated at \$4,000. These costs include meeting materials, mileage, meals, and lodging for Council members while on Council business.

2. Grants to Organizations that promote safe OHV Operations and Damage Claim Grant Program--The Department estimates needing 1.0 FTE to administer both grant programs at an annualized cost of \$87,300 (2,080 hours x \$26.80/hour + 47.62% fringe + \$5,000/year for supplies and materials. One-time expenses would be incurred for development of administrative rules related to the grant programs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

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Description Regulation of off-highway vehicles, creating an off-highway vehicle council, granting rule-making authority, requiring the exercise of rule-making authority, making appropriations, and providing penalties			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time costs of \$900 for form development expenses and \$1,000 for first-year OHV council expenses. Additional one-time expenses for administrative rule development.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$87,300	\$
	(FTE Position Changes)	(1.0 FTE)	
	State Operations - Other Costs	22,300	
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$109,600	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S	109,600	
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	600,000	
	TOTAL State Revenues	\$600,000	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$109,600	\$
	NET CHANGE IN REVENUE	\$600,000	\$
Agency/Prepared By		Authorized Signature	Date
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	9/24/2013