

Fiscal Estimate Narratives

DNR 2/12/2014

LRB Number	13-0082/3	Introduction Number	AB-0694	Estimate Type	Original
Description Operation of off-highway motorcycles, granting rule-making authority, providing penalties, and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

The bill generally requires the owner of an off-highway motorcycle (OHM) to register with the Department if the OHM will be operated off the highways. This bill provides registration exemption if the OHM is covered by a valid registration of a federally recognized American Indian tribe or band and specific criteria are met. Any OHM may be registered for public use. An OHM may be registered for private use if the operation is limited to agricultural purposes or if operation is by the owner of the motorcycle or a member of his or her immediate family only on land owned or leased by the owner or a member of his or her immediate family. The Department is required to provide a registration certificate to an applicant for registration of an OHM upon receipt of the application, the payment of any applicable fees and any sales or use taxes that may be due. Each registration certificate issued to the owner of an OHM shall be accompanied by a registration decal with adhesive so that it may be affixed to the exterior of the OHM.

The fee for the issuance or renewal of a registration certificate for public use and the accompanying decal is \$30. The late fee for the renewal of a registration certificate that is filed after the expiration date of the registration certificate is \$5 unless the renewal is included with an application for transfer of the registration certificate. The fee for the issuance or renewal of a registration certificate for private use and the accompanying decal is \$15. The fee for the issuance of a duplicate certificate for public or private use is \$5 and the fee for a duplicate decal is \$5. The fee for transferring a registration certificate for public or private use is \$5. Public use OHM registration is valid beginning on April 1 or the date of issuance or renewal and ending on March 31 of the 2nd year following the date of issuance or renewal.

A person who is an OHM dealer is required to register with the Department and obtain a commercial OHM certificate and 3 accompanying commercial registration decals. The OHM dealer certificate is valid for 2 years. The fee for a commercial OHM certificate with 3 decals is \$90. Additional commercial registration decals are available for \$30 per decal. The fee for issuance of a duplicate commercial OHM certificate is \$5 and the fee for each duplicate decal is \$2.

This bill generally requires a nonresident operator of an OHM on an off-highway motorcycle corridor to possess and permanently affix a nonresident trail pass on the exterior of the motorcycle. The fee for an annual nonresident trail pass is \$34.25 and the fee for a 5-day nonresident trail pass is \$19.25. Any person who issues a nonresident trail pass, including the Department, shall collect an issuing fee of 75 cents. An agent appointed by the department may retain 50 cents of the issuing fee.

I. Revenue

A. Registration Fees

It is very difficult to estimate the number of OHM registrations under the proposed program. Minnesota Department of Natural Resources (MnDNR) administers a comparable OHM registration program and as of February 5, 2014, had a total of 11,500 OHMs registered. MnDNR OHM registration program does not differentiate between public and private OHM registration types as is proposed under this bill. MnDNR has registered OHMs for approximately 10 years, for an average of 1,150 OHMs newly registered per year assuming a constant rate of registration. Assuming 11,500 total registrations, of which an estimated 95%, or 10,900, would be for public use, and assuming that half of registrants would, on average renew their registrations annually, annual registration revenues are estimated at \$163,500 ($10,900/2 = 5,450$ annual registration renewals x \$30). Additional one-time revenues of \$9,000 would be generated from an estimated 600 private use registrations at \$15 each.

B. Nonresident Trail passes

Nonresidents operating OHMs off the highway in Wisconsin would be required to display a nonresident trail

pass if the OHM is not registered in Wisconsin. It is difficult to determine the number of nonresidents who would bring their OHM to Wisconsin to operate off highway; therefore, the revenue associated with these passes is indeterminate.

C. Additional indeterminate revenue would be generated from duplicate and transfer transactions and through the sale of commercial OHM registration certificates.

II. Costs

A. Bureau of Customer and Outreach Services

1. Vehicle Registration System: The current automated licensing and registration system will be replaced in spring 2016 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 system, the Department would provide OHM registration services only at DNR Service Centers, by telephone, and by mail during 2014 and 2015. Once the new system is operational in 2016, OHM registrations could be issued, renewed, and transferred via the online licensing and registration system, telephone, DNR Service Centers, registration agents, and by mail. As with ATV/UTV, boat, and snowmobile registrations, registration agents in 2016 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.

2. OHM decals – stock, printing, inserting, postage: For each OHM registration, the Department will incur costs for registration decal stock, printing, inserting and postage. Assuming the department will require 2,300 decals per year (distributed to Service Centers and DOA) and that each decal is \$0.10, stock cost would be \$230 per year. Total stock, printing, inserting and postage would be \$1,092.50 per year.

- a. Registration decal with adhesive: $(2,300 * \$0.10) = \230
- b. Printing, inserting, and postage: $(1,150 * \$0.75) = \862.50

3. OHM renewal notices – postcard stock, printing, postage: The department would be required to send a notice to each OHM owner at least 2 weeks prior to the upcoming registration expiration date. Assuming 1,150 registrations would expire per year, postcard stock, printing, and postage would cost an estimated \$862.50 per year $(1,150 * \$0.75)$, beginning with year two of the OHM registration program.

4. OHM application: The department will incur costs to develop and print two OHM registration applications, one for individuals and one for commercial OHM dealers. Electronic versions of the OHM registration application will be available online for customers to print, complete, and mail for OHM registration services. Customers applying for registration in person will require a hard copy of the OHM registration application. Form development and printing costs are itemized as follows:

- a. One-time form development expense: 40 hrs @ \$22/hr (NR Program Specialist starting wage) = \$880
- b. Annual printing expenses: 1,150 copies/year * \$0.05 each = \$57.50

Total form development and printing would be an estimated \$957.50 the first year and \$57.50 per year for printing thereafter.

5. Total Customer and Outreach Services costs would be \$2,030 the first year of registration $(\$1,092.50 + \$937.50)$ and \$2,012.50 $(\$1,092.50 + \$862.50 + \$57.50)$ per year thereafter.

B. Bureau of Community Financial Assistance

1. OHM 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 and Landowner Incentive Program --The Department estimates needing 0.75 FTE to administer both the grant programs at an annualized cost of \$65,500 $(2,080 \text{ hours} \times \$26.80/\text{hour} + 47.62\% \text{ fringe} + \$5,000/\text{year for supplies and materials} \times 75\%)$. One-time expenses would be incurred for development of administrative rules related to the grant programs and revisions to the existing Chapter NR 65, Administration of Motorcycle Recreation Program.

C. Bureau of Law Enforcement

This bill creates a entirely new off-highway motorcycle program which requires administration of new grants,

registration program and a safety education program. This new program will require additional staff to administer along with additional enforcement and safety education personnel. An estimated 1.0 additional FTE and \$71,300 (conservation warden @ \$21.827 x 2,080 hrs. + 57.02% fringe rate) and a corresponding amount of safety/patrol grant funding would be needed to accommodate the increased workload associated with the overall program including, but not limited to developing a safety education program and training instructors, creating a regulation pamphlet, training conservation wardens and general law enforcement regarding the new laws, developing other public education documents and PSAs, enforcement, complaint response and crash investigations.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time application form expenses of \$880; one-time costs related to creation of OHM council of \$1,000; additional one-time staff expense for administrative rule development. One-time revenues of \$9,000 for private use registrations.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$133,000	\$
(FTE Position Changes)		(1.8 FTE)	
State Operations - Other Costs		9,800	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$142,800	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S		142,800	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S		163,500	
TOTAL State Revenues		\$163,500	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$142,800	\$
NET CHANGE IN REVENUE		\$163,500	\$
Agency/Prepared By		Authorized Signature	Date
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