

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-4175/1	Introduction Number AB-0696	
Description penalties for violations related to the motor vehicle liability insurance requirement, proof of financial responsibility, requirements for registering motor vehicles, operating a vehicle without an operator's license or after suspension or revocation of an operating privilege, making an appropriation, and providing a penalty		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" 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: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs 3. <input checked="" type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input 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 checked="" 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)		
Agency/Prepared By DOT/ Robert Combs (608) 266-1449	Authorized Signature Joan Meier (608) 267-6978	Date 2/3/2020

Fiscal Estimate Narratives
DOT 2/3/2020

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Description					
penalties for violations related to the motor vehicle liability insurance requirement, proof of financial responsibility, requirements for registering motor vehicles, operating a vehicle without an operator's license or after suspension or revocation of an operating privilege, making an appropriation, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

There are approximately 60,000 convictions for operating without insurance (CNI), 6,400 new cases and suspensions in the Safety Responsibility (SR) program, and 33,600 phone calls taken in the current SR program per year. Based on that the department assumes:

- Based on the current value of 5 phone calls per case/suspension in the current SR program, and an anticipated continuance of approximately 56,400 new CNI cases, if 33% of the convictions under this bill initiate a similar call that lasts approximately 4 minutes, there will be approximately 70,000 new calls resulting in a need for 2.7 FTE (\$155,000)
- Approximately 25% of the convictions under this bill will need manual updates such as correction of court errors, amended charges, re-opened cases, resulting in an increase of 2 FTE (\$117,000)
- The license plate reinstatements that would follow a CNI conviction under this bill would result in an increase of 3.8 FTE of work for the DMV field stations (approximately \$211,700). These license plate reinstatement fees are currently rare, as they are primarily applied to uninsured motorists who are involved in crashes but would be applied to all CNI convictions through this bill.
- 112,800 additional mailings, costing approximately \$55,200
- The \$28 increase in driver license reinstatement costs for these convictions, assuming each conviction resulted in a reinstatement, would result in an increase of approximately \$1,600,000 to the Transportation Fund. Due to the timing of violations, one reinstatement may cover multiple convictions.
- The \$50 license plate reinstatement fee that would begin to be applied to this violation would, assuming each conviction resulted in payment, result in an increase of approximately \$2,822,000 to the Transportation Fund. Due to the timing of violations, one reinstatement may cover multiple convictions.
- The bill requires officers to cite individuals for CNI when there is no proof available, even if the individual has valid insurance. It is expected that individuals who have been ticketed for CNI, but had insurance at the time of their stop, would bring their proof to the law enforcement office to have the ticket dropped. The Division of State Patrol issues approximately 44,000 citations and warnings for both no-proof and no-insurance violations. Assuming 60% of those were issued as CNI violations that were later dropped, and assuming 5 hours of work per 200 citations, there would be an increase of 0.3 FTE (\$24,000).

Under the proposal, registration applicants must hold a valid driver license. This will require an IT solution that crosschecks registration with the driver license status of the registered owner(s). For the purposes of this estimate, DMV assumes that only the primary registered owner will require a valid driver license status. Estimates will increase if the status check will apply to all registered owners. For the purposes of this estimate, non-individual owners (businesses, trusts, etc.) were not considered.

DMV administers approximately 4.8 million original registration and registration renewals annually. DMV estimates that approximately 0.93% of registration applicants for original or renewal of their registration will have a bad (suspended, revoked, cancelled) status. 1.27% of applicants will have a driver license that is expired but otherwise valid. 2.53% of applicants will not have a driver license associated with their customer record. This would include out-of-state residents with vehicles residing in Wisconsin, registrants without a driver license, driver license surrenders due to age/medical, duplicate customer records, and other scenarios. Business rules will need to be developed to determine which of these subgroups will be eligible for vehicle registration or not.

An IT solution will need to be developed for changes to the registration processing systems to incorporate a driver operating privilege check before allowing renewal or issuance of vehicle registration. This will impact

central office, customer service centers, US Bank lockbox processing (automated renewal postcard processing), self-service web applications and third-party processing. For applicants that have had their operating privilege withdrawn, DMV IT systems would need to "pend" the document workflow. If the transaction does not occur face-to-face, the system would need to automatically send out a letter to the customer to inform them of the registration denial and reason. DMV IT systems would have an automated process to periodically recheck these pending documents and complete the transaction if their status changes to valid. Business rules would need to be developed to determine when a customer is eligible for a refund.

The Department assumes the "impoundment" requirement of this bill can be satisfied by law enforcement officer dispossessing the driver of the vehicle and taking possession and control of the vehicle, but may thereafter turn possession and control of the vehicle to a private towing or storage service. Under this assumption, Wisconsin State Patrol is not required to incur any costs for towing or storage of a vehicle impounded for a violation of operating without a license (OWL), operating while suspended (OWS), or operating after revocation (OAR); Wisconsin State Patrol would simply call a tow company which would process the impoundment through its private towing and storage services at the cost of the vehicle owner. In calendar year 2018 the Wisconsin State Patrol (WSP) issued 11,845 citations for the violations of OWL, OWS, and OAR. That would mean WSP would have been required to impound 11,845 vehicles at the time the citation was issued. It is estimated that each impoundment event would take between 2 to 4 hours. This would include time to tow the vehicle to a safe place for inventorying (longer wait times in rural areas), to inventory the contents of the vehicle, and to transport the driver (and passengers) to a safe place. The Department assumes that the tow company will collect and approve the required proofs for release (verification of vehicle registration, driver licensing and liability insurance), and to release the vehicle. The impoundment process for the WSP would require between 11.4 to 22.8 FTE. At the current average salary and fringe rate for a WSP trooper of \$54/hour the total cost is \$1,279,260 to \$2,558,520.

If the assumption of "impoundment" is incorrect and the WSP has to maintain physical possession and control of the vehicles, the estimate would increase. WSP does not currently have any impoundment facilities. It is likely that the WSP would need to establish impound facilities in order to accommodate the increased number of impounded vehicles (or would be required to pay private service providers for towing and storage charges while the vehicle was held for law enforcement purposes.) It is estimated that it could cost roughly \$500,000 to establish each impound surface parking lot, when factoring in the costs to obtain real estate, paving, fencing and the necessary security measures. Because the period of impoundment is not specified, the Department assumes impoundment would last between 1 and 7 days, with the sale of unclaimed cars 30 days after the expiration of the 7-day impoundment period. In all, DSP would anticipate between 11,845 and 438,265 vehicle storage days, or a need for between 31 and 1,144 parking spaces continuously occupied throughout the year.

In 2018 there were 123,130 convictions for OWL (28,959), OWS (79,453) and OAR (14,718) statewide. The department receives the convictions from the courts but does not receive record of the total number of citations written. Because the number of citations and arrests is unknown, for simplicity the Department assumes a 100% conviction rate. According to an online job recruitment website, "As of Jan 27, 2020, the average annual pay for the Police Department jobs category in Wisconsin is \$41,113 a year.", or \$19.76/hour (that website reported a salary range of \$19,755 to \$65,236). Assuming a fringe rate of 50% for protective service occupation suggests a total cost of \$29.65/hour. If each impoundment event would take 2 to 4 hours, the impoundment process would require 118.4 to 236.7 FTE or \$7,301,609 to \$14,603,218 for both state and local. Deducting state costs calculated above, the remaining estimated local costs are \$6,022,349 to \$12,044,698 annually. If the conviction rate is 75% of the incidents requiring impoundment, there would be 164,173 impoundment events, requiring between 158 to 316 FTE. Deducting the number of WSP citations from the estimated total events leaves 152,328 local impoundment events, or total local costs between \$9,033,050 to \$18,066,100 annually.

Local Law Enforcement will likely have very similar costs associated with impounding a vehicle; some agencies will have access to municipal impound lots, but some could need to establish impound facilities. It is assumed that the towing company and/or impound company would be able to dispose of the vehicle under existing relevant law. Again, under this bill law enforcement agencies would be allowed to sell a vehicle not reclaimed by its owner or lienholder if more than 30 days passes after the period of impoundment. The department assumes each local unit of government could establish its own impound period, so the number of storage days is indeterminable.

For purposes of the Fiscal Estimate Worksheet, the Department used only the lowest numbers in each of the ranges described above.

The total IT development effort involved in addressing the new requirements for vehicle registration is approximately 18 months of development time at a cost of \$800,725. This development effort is distinct from the IT effort related to compulsory insurance.

IT costs to implement this new process would be approximately \$295,000. This bill does not provide a one-time appropriation that would cover this IT implementation cost but does provide \$576,450 for fiscal year 2019-20 and \$562,900 for fiscal year 2020-21.

Long-Range Fiscal Implications

The long-range fiscal impact for DMV would be \$562,900 (\$507,700 FTE, \$55,200 mailing) annually.

The long-range fiscal impact for WSP would be \$1,279,260 in FTE costs annually.

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description penalties for violations related to the motor vehicle liability insurance requirement, proof of financial responsibility, requirements for registering motor vehicles, operating a vehicle without an operator's license or after suspension or revocation of an operating privilege, making an appropriation, and providing a penalty		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): IT costs to implement this new insurance process is approximately \$295,000. The total IT development effort involved in addressing the new requirements related to vehicle registration eligibility is approximately \$800,725.		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$1,786,960	\$
(FTE Position Changes)	(20.2 FTE)	
State Operations - Other Costs	55,200	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$1,842,160	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S (20.395(5)(cq))	1,842,160	
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 (20.395(5)(cq))	4,962,900	
TOTAL State Revenues	\$4,962,900	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$1,842,160	\$6,022,349
NET CHANGE IN REVENUE	\$4,962,900	\$

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