

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: 05/11/99

Received By: nilsepe

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau

By/Representing: Dyck

This file may be shown to any legislator: NO

Drafter: nilsepe

May Contact:

Alt. Drafters:

Subject: Transportation - motor vehicles

Extra Copies: tnf

Pre Topic:

LFB:.....Dyck - Paper 960,

Topic:

Financial institutions transaction fee

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	nilsepe 05/17/99	ygeller 05/17/99		_____			
/1			martykr 05/18/99	_____	lrb_docadmin 05/18/99		

FE Sent For:

<END>

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1/?	nilsepe	1/9/99 jlg Kim S/18		JAS Kim S/18			

FE Sent For:

<END>



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

60296

May 11, 1999

Joint Committee on Finance

Paper #960

Repeal Financial Institutions Registration and Title Transaction Fee (DOT -- Motor Vehicles)

-0430

[LFB 1999-01 Budget Summary: Page 602, #10]

CURRENT LAW

DOT is authorized to enter into agreements with financial institutions allowing them to electronically file original vehicle title and registration applications on behalf of their customers. There is a \$5 fee charged to the financial institution for each application, which is deposited in the transportation fund. DOT is authorized to enter into similar agreements with vehicle dealers, but there is no fee charged by DOT for this service.

GOVERNOR

Repeal the \$5 transaction fee charged to financial institutions that file electronic applications for an original vehicle title and registration. Decrease estimated transportation fund revenue by \$170,000 in 1999-00 and \$289,000 in 2000-01 to reflect this change.

DISCUSSION POINTS

1. The Governor's 1997-99 budget bill included a reduction of \$444,700 SEG and 13.6 SEG positions in 1998-99 associated with an initiative to allow financial institutions to electronically process original applications for vehicle registrations and titles. The savings were premised on an assumption that the number of people filing these applications at DMV customer service centers would decline. In addition, there was an estimated decrease in transportation fund revenue of \$482,000 because fewer people would pay the \$5 counter service charge, which is required when such applications are filed at DMV customer service centers.

2. The Legislature modified this provision by requiring a \$5 transaction fee, to be

deposited in the transportation fund, for each application filed electronically by financial institutions. DOT indicates that the number of financial institutions that have participated in the electronic filing program has been much lower than originally anticipated (less than 50 transactions, compared to earlier estimates of about 96,000 transactions).

3. Under the terms of the contract with DOT, financial institutions and vehicle dealers that file electronic applications are allowed to charge, and keep, a service fee of \$17.50 to the customer. Part of this fee pays the firm that establishes the electronic link between the financial institutions or dealers and the DOT vehicle database. Banks that participate in the program add the \$5 transaction fee onto this service fee, for a total of \$22.50, while the dealers charge only the \$17.50 service fee.

4. The \$5 fee that was created by the 1997-99 budget may have discouraged financial institutions from participating in the program. The associations representing financial institutions have indicated that more institutions would participate if there were no \$5 transaction fee.

5. DOT estimates that if the \$5 transaction fee were eliminated, the number of applications processed by financial institutions would increase to 34,000 in 1999-00 and 57,800 in 2000-01. Because these transactions would replace visits to DMV customer service centers and the associated counter service charges, there would be a revenue loss of \$170,000 in 1999-00 and \$289,000 in 2000-01.

6. The low number of transactions to date may be due, in part, to a delay in developing the software necessary to process electronic applications. Now that the software is available, the number of transactions may increase, even if the \$5 fee is retained. If the fee is retained, there would be no transportation fund revenue loss.

7. Financial institutions that participate in this program process vehicle title and registration applications, which contributes to a reduction in the workload at DMV service centers. Even though this benefits the state, the institutions still have to pay the fee to the state. If this situation is viewed as unfair, it may be appropriate to eliminate the fee.

8. If the fee does inhibit the participation of financial institutions and the fee is retained, the number of transactions that take place at DMV centers would not decrease as much as anticipated. DMV's budget was already reduced by the 1997-99 budget in anticipation of a workload reduction that did not occur in 1998-99. If the workload also does not decline in the 1999-01 biennium, the Division would have to continue processing this work with the reduced staff size.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to eliminate the \$5 transaction fee charged to financial institutions that file electronic applications for an original vehicle title and registration. Decrease estimated transportation fund revenue by \$170,000 in 1999-00 and \$289,000 in 2000-01 to reflect this change.

<u>Alternative 1</u>	<u>SEG</u>
1999-01 REVENUE (Change to Base)	- \$459,000
[Change to Bill]	\$0]

2 Maintain current law.

<u>Alternative 2</u>	<u>SEG</u>
1999-01 REVENUE (Change to Base)	\$0
[Change to Bill]	\$459,000]

Walter
Governor

Prepared by: Jon Dyck

1999

Date (time) needed 6:00 A

LRB b 0296, 1

**LFB BUDGET AMENDMENT
[ONLY FOR LFB]**

PEN : JLG :

See form **AMENDMENTS — COMPONENTS & ITEMS.**

**LFB AMENDMENT
TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45**

>>FOR JT. FIN. SUB. — NOT FOR INTRODUCTION<<

At the locations indicated, amend the bill as follows:

#. Page 1220, line 13: delete that line. ✓

(END)

#. ~~Page, line~~

#. ~~Page, line~~

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State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0296/1
PEN:jlq:km

LFB:.....Dyck - Paper 960, Financial institutions transaction fee

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 1220, line 13: delete that line.

3 (END)