

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 955,

Topic:

Rebasing license plates

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	jgeller 05/17/99		_____			
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FE Sent For:

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1/?	nilsepe	1/5/99	1/21/99	2/5/99			

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Legislative Fiscal Bureau

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

60300

May 11, 1999

Joint Committee on Finance

Paper #955

License Plates--New Design Funding, Six-Year Redesign Intervals and New Design Issuance (DOT -- Motor Vehicles)

[LFB 1999-01 Budget Summary: Page 595, #1 and #2]

CURRENT LAW

The Department of Transportation issues license plates for vehicles as evidence that the vehicle is properly registered. In lieu of issuing new plates, DOT is authorized to issue a sticker, which is placed on the plate, indicating the expiration date of the registration.

DOT issues different types of plates for different types of vehicles and issues special plates representing special interest groups, such as veterans, firefighters, National Guard members and persons interested in supporting endangered resources.

DOT is required to replace most license plate types, with plates of a new design, in a three-year period beginning on July 1, 2000, and ending on June 30, 2003. This requirement was created by 1997 Act 237, the 1998-99 budget adjustment act.

The base budget for license plate issuance and renewal is \$3,545,600 SEG.

GOVERNOR

Provide \$967,200 SEG in 1999-00 and \$2,034,200 SEG in 2000-01 for the costs associated with issuing license plates of a new design over a five-year period, beginning with registrations effective July 1, 2000.

Require DOT to develop new license plate designs by July 1, 2000 (which is already required under current law), and every sixth year thereafter, for the following plate types: (a) regular automobile plates; (b) light duty truck plates (under 8,000 pounds) and other motor truck plates; (c) disabled plates, except disabled veteran plates; (d) special group plates, except

sesquicentennial plates (this includes military group plates, endangered resources plates, UW plates and firefighter/EMT plates); (e) plates for light farm trucks and dual purpose farm trucks (under 12,000 pounds); (f) National Guard plates; (g) amateur radio plates; (h) vehicle collector plates; (i) motor bus plates; (j) plates for motor homes or dual purpose motor homes; (k) school bus plates; and (l) other miscellaneous plates registered for five years for \$5 (this includes certain special vehicles owned by nonprofit organizations). Eliminate a July 1, 2003, sunset of the redesign requirement to reflect the change making redesign an ongoing requirement. Prohibit DOT from developing a new design for the "children first" plate (which would be renamed "celebrate children" by the bill) until January 1, 2005.

Specify that, in each six-year design interval, these plates shall be as similar in appearance as practical. Eliminate the requirement that DOT consult with the following persons before specifying a plate design: (a) the Adjutant General, regarding the National Guard plate; (b) the President of the University of Wisconsin System, regarding UW plates; (c) the Secretary of the Department of Natural Resources, regarding the endangered resources plate; and (d) the Child Abuse and Neglect Prevention Board, regarding the "celebrate children" plate. Instead, require DOT only to consult with these persons or organizations regarding the words or symbols used on the respective plates. Eliminate the requirement that DOT receive approval, in writing, from these persons or organizations, of the words or symbols used on the respective plates. Eliminate the requirement that DOT consult with the President of the University of Wisconsin System on the color combination used for the UW plates and eliminate the requirement that the UW System President get the approval, in writing, of each University of Wisconsin chancellor prior to approving the words or symbols used on the plates for their respective campuses.

Eliminate the requirement that new plates be issued for all of these vehicles and plate types by July 1, 2003, and instead, require that new plates be issued for these vehicles by July 1, 2005 (except for vehicles registered with "celebrate children" and sesquicentennial plates). Modify a current law provision that gives DOT the authority to determine a new-plate issuance schedule for these vehicles, except farm trucks and \$5 plate types, whose registration is renewed between July 1, 2000, and the end of the reissuance period (which is June 30, 2003, under current law, but would be June 30, 2005, under the bill) to eliminate this permissive authority after June 30, 2005 (a technical modification to the bill would be necessary to do this).

Eliminate the requirement that DOT issue new plates, upon registration renewal, for light farm trucks and dual purpose farm trucks and certain vehicles that are registered for \$5 for a five-year period if the registration for those vehicles expires after June 30, 2000, and before January 1, 2004. Instead, require DOT to issue a new plate for these vehicles if a plate of the new design has not already been issued for the vehicle, effective July 1, 2000.

Require DOT, beginning with vehicle registrations effective on July 1, 2005, to issue plates of the design created for the six-year interval in which the issuance occurs, as follows: (a) for all original registrations for the vehicles and plate types specified above; and (b) for all registration renewals for these vehicle and plate types if a plate has not been issued for the vehicle during the previous six years. Specify that a new set of plates must be issued for these

vehicles within five years of the date on which a new design must be developed for each six-year interval. Permanently exempt vehicles registered with sesquicentennial plates from this requirement.

DISCUSSION POINTS

1. DOT began issuing automobile plates of the current design in 1986, replacing plates of the previous design (black lettering on a yellow background) over a seven-year period. During the first several months of issuance, the new plates had blue lettering. All plates that were issued beginning in March, 1987, however, had red lettering, and nearly all of the plates with blue lettering have subsequently been replaced. Therefore, the oldest automobile plates still in use are about 12 years old.

2. For various reasons, license plates are gradually taken out of use over time. For instance, plates on vehicles moved out of the state are removed if the vehicle is registered in the new state. In addition, although plates can be moved from a vehicle that is sold or scrapped to a newly-registered vehicle, this is not always done and so the plate is discarded. Because of this attrition, there are relatively few plates still in use that were issued in the late 1980's. DOT indicates that 15% of plates are ten or more years old and 26% of plates are eight or more years old.

3. DOT indicates that plates will be replaced on a schedule so that the costs are roughly equivalent throughout the replacement period, with the oldest plates being replaced first. Although plate replacement will not begin until July 1, 2000, a funding increase is needed in 1999-00 because the production of the plates will begin several months in advance of that date.

4. The bill would extend the replacement schedule from three years to five years, which would require a lower annual funding increase. It may be helpful to compare the costs of replacing plates under several different scenarios, both with and without including the replacement of special license plates. The following table shows the funding that would be required to replace plates over three, five and seven years. [The costs shown in the table reflect a reestimate of the funding needed to replace plates, which, for the five-year scenario, would require a lower level of funding than the amount provided by the bill.] The first two columns show the cost of replacing all plates except special plates, while the third and fourth columns show the additional cost of replacing the special license plates (except sesquicentennial and "celebrate children" plates). The final two columns show the change to the bill under each schedule, assuming both special plates and all other plates are replaced using that schedule.

Cost to Replace License Plates Under Different Schedules

	No Special Plates		Special Plates Only		Total Change to Bill	
	<u>1999-00</u>	<u>2000-01</u>	<u>1999-00</u>	<u>2000-01</u>	<u>1999-00</u>	<u>2000-01</u>
Three-Year Schedule	\$1,813,600	\$3,605,400	\$143,400	\$286,800	\$989,800	\$1,858,000
Five-Year Schedule	845,400	1,790,700	86,100	172,100	-35,700	-71,400
Seven-Year Schedule	610,300	1,198,700	61,500	122,900	-295,400	-712,600

5. The reflective sheeting that coats the plates is warranted for five years. After this time, the reflective value of the sheeting declines (although the paint used for the lettering is independent of the sheeting and may still be legible after five years). If a three-year replacement schedule is used, plates that are issued in 1998 through the first half of 2000 (which would still be of the current design) would likely be replaced when they are still less than five years old.

6. If a seven-year replacement schedule is adopted, the last plates issued of the current design would be in use for longer than five years. However, the plates would be in use for a significantly shorter period of time than the oldest plates of the current design. The previous, black-on-yellow plates were also replaced over a seven-year period, and replacement of these plates began seven years following their initial issuance.

7. Extending the plate replacement schedule would mean that fewer plates would ultimately have to be replaced, because of plate attrition. The number of automobile and light truck plates still in use seven years after issuance is smaller (48%) than the number still in use after five years (59%), meaning that fewer plates would have to be replaced if a seven-year schedule is used.

8. Since extending the plate replacement schedule means that it would take longer to replace the oldest plates of the current design, there would be two distinct plate designs in use for a longer period of time.

9. In weighing the various alternatives for replacing plates, it may be helpful to consider the plate policies of Wisconsin's neighboring states. Iowa recently replaced all plates in one year. Illinois and Michigan began using their current plates over 15 years ago, but both may replace plates in the next several years. Officials in Illinois indicate that a three-year reissuance schedule would likely be used and officials in Michigan indicate that all plates would likely be replaced in one year. Minnesota has used plates of the current design since 1977, but replaces each plate after seven years.

Special Plates

10. The bill would require DOT to replace most of the special group license plates. This includes, among others, military group plates, University of Wisconsin plates, firefighter/EMT plates and endangered resources plates. As passed by the Legislature, Enrolled 1997 Assembly Bill 768 (enacted as 1997 Act 237) also required sesquicentennial plates to be replaced, between July 1,

2002, and July 1, 2003. This requirement, however, was vetoed by the Governor. The bill would modify requirements related to the replacement of special plates by permanently exempting sesquicentennial plates from the replacement requirement and delaying the development of a new design for the "celebrate children" plate until January 1, 2005.

11. In developing a design for the special plates, DOT is required to make the plates as similar in appearance as practical. Act 237 eliminated the requirement that DOT consult with certain representatives of the special groups before developing plate designs for those groups. The intent of this provision is to achieve greater consistency in plate color and design. DOT indicates that all special plates would have similar background and lettering color, but that a symbol on the left-hand side of the plate would identify the various special groups.

12. Replacing special plates with plates of a new design may disappoint some holders of those plates who are issued a new plate with a design similar to regular automobile plates. Some holders of special plates may acquire the plates, in part, because they like the distinct appearance of the plate, and because the special plate clearly identifies their group. Under current law (and under the bill), the distinctiveness of special plates would likely be reduced when they are replaced.

13. The cost of plate replacement could be reduced by eliminating the requirement that special plates be replaced. The savings that would result depend on the schedule that is used to replace plates, as shown in the third and fourth columns of the table under Point #4. This would, however, continue much of the current variation in license plate appearance.

Reissuance Fee for Special Plates

14. As passed by the Legislature, Enrolled 1997 Assembly Bill 768 would have prohibited DOT from charging a reissuance fee when plates are replaced if a vehicle is already registered, at the time of renewal, with a plate of the type being issued. The Governor vetoed this prohibition, however, which has the effect of requiring a reissuance fee where one is required under current law. Issuance and reissuance fees are charged for most special license plates and range from between \$5 and \$15.

15. The purpose of the issuance fee is to compensate DOT for the higher cost of developing, producing and issuing these types of plates. The recipient of a special plate must be willing to pay this additional cost in order to get the plate. If the Committee believes that it would be unfair to require the holders of special plates to get a new plate and to also require those persons to pay a reissuance fee, then the reissuance fee could be waived if a new set of special plates is simply replacing a set of the old design. DOT indicates that no special plates would be replaced during the 1999-01 biennium, so waiving the fee would not have a revenue impact in the biennium.

Sesquicentennial License Plates

16. DOA indicates that it was the Governor's intent to require the replacement of sesquicentennial plates during the 2000 to 2005 period, but the bill would permanently exempt these plates from the replacement requirement. [Current law requires these plates to be replaced between

July, 2002, and June, 2003.] DOT indicates that these plates would not be replaced during the 1999-01 biennium, even if their replacement were required as part of a three-, five- or seven-year schedule, because they are relatively new. Consequently, requiring their replacement would add to the total cost of replacing all plates, but none of those costs would be borne in the biennium. The estimated cost of replacing these plates would be, as follows: (a) about \$1.1 million, if a three-year replacement schedule is used; (b) about \$0.9 million if a five-year replacement schedule is used; and (c) about \$0.8 million if a seven-year replacement schedule is used.

17. If it is believed that sesquicentennial plates should not be replaced in the initial replacement period beginning in July, 2000, but should be replaced eventually, the Committee could delete the bill provision that would permanently exempt these plates from being replaced. The effect of this would be to require their replacement in the next replacement cycle.

Six-Year Replacement Schedule

18. The bill would require DOT to develop new plate designs, and replace old plates with plates of the new design, on a six-year schedule, following the five-year replacement that would begin in July, 2000. Consequently, a new design will begin being issued in July, 2006, and then again in July, 2012, and so on.

19. If a different schedule is chosen for the replacement that begins in July, 2000, it may be advisable to alter the ongoing replacement requirement as well. For instance, if a seven-year replacement schedule is chosen, the ongoing replacement could be required every seven years, instead of every six years. The start of the next seven-year replacement cycle could begin when the current replacement cycle ends. [Under the bill, there would be a one-year period, from July 1, 2005, to July 1, 2006, in which no plates would be replaced.]

20. Another alternative would be to eliminate the requirement that the plates be replaced on a fixed schedule (after the initial replacement, beginning in July, 2000). This would allow a future Legislature to make a decision about the priority of replacing plates given other potential uses of transportation funds.

ALTERNATIVES TO BASE

A. Replacement of License Plates Other Than Special Plates

The alternatives under this section relate to the following plate types: (a) regular automobile plates; (b) light duty truck plates (under 8,000 pounds) and other motor truck plates; (c) disabled plates, except disabled veteran plates; (d) plates for light farm trucks and dual purpose farm trucks (under 8,000 pounds); (e) vehicle collector and amateur radio plates; (f) motor bus plates; and (g) other miscellaneous plates registered for five years for \$5.

Approved

1. Delete the current requirement that these plates be replaced on a three-year schedule and adopt the Governor's recommendation (with a technical modification) to replace them on a five-year schedule, from July, 2000, to June, 2005. Provide \$845,400 SEG in 1999-00 and \$1,790,700 SEG in 2000-01, which is the cost of replacing these plate types on this schedule.

<u>Alternative A1</u>	<u>SEG</u>
1999-01 FUNDING (Change to Base)	\$2,636,100
[Change to Bill]	\$0]

2. Provide \$1,813,600 SEG in 1999-00 and \$3,605,400 SEG in 2000-01, which is the cost of replacing these plate types on a three-year schedule, as required by current law, from July, 2000, to June, 2003.

<u>Alternative A2</u>	<u>SEG</u>
1999-01 FUNDING (Change to Base)	\$5,419,000
[Change to Bill]	\$2,782,900]

3. Delete the requirement that these plates be replaced on a three-year schedule and instead require them to be replaced on a seven-year schedule, from July, 2000, to June, 2007. Provide \$610,300 SEG in 1999-00 and \$1,198,700 SEG in 2000-01, which is the cost of replacing these plate types on this schedule.

<u>Alternative A3</u>	<u>SEG</u>
1999-01 FUNDING (Change to Base)	\$1,809,000
[Change to Bill]	-\$827,100]

4. Delete the current law requirement that these plates be replaced beginning in July, 2000, and provide \$87,800 SEG in 1999-00 and \$153,600 SEG in 2000-01, which is the cost of continuing the plate issuance program without any plate replacement.

<u>Alternative A4</u>	<u>SEG</u>
1999-01 FUNDING (Change to Base)	\$241,400
[Change to Bill]	-\$2,394,700]

B. Replacement of Special License Plates

The alternatives in this section relate to the following plate types: (a) special group plates, except sesquicentennial and "celebrate children" plates; and (b) National Guard plates.

1. Require the replacement of special license plates on the same schedule as approved for the replacement of other plates. Provide additional funding, as follows:

no drafting needed
 a. \$86,100 SEG in 1999-00 and \$172,100 SEG in 2000-01 for replacement on a five-year schedule (Governor's recommendation, with a funding reestimate).

<u>Alternative B1a</u>	<u>SEG</u>
1999-01 FUNDING (Change to Base)	\$258,200
[Change to Bill]	- \$107,100]

b. \$143,400 SEG in 1999-00 and \$286,800 SEG in 2000-01 for replacement on a three-year schedule, as required under current law.

<u>Alternative B1b</u>	<u>SEG</u>
1999-01 FUNDING (Change to Base)	\$430,200
[Change to Bill]	\$64,900]

c. \$61,500 SEG in 1999-00 and \$122,900 SEG in 2000-01 for replacement on a seven-year schedule.

<u>Alternative B1c</u>	<u>SEG</u>
1999-01 FUNDING (Change to Base)	\$184,400
[Change to Bill]	- \$180,900]

2. Eliminate the requirement that special license plates be replaced beginning in July, 2000.

<u>Alternative B2</u>	<u>SEG</u>
1999-01 FUNDING (Change to Base)	\$0
[Change to Bill]	- \$365,300]

C. Special License Plate Reissuance Fee

failed 8-8-99
 1. Prohibit DOT from charging a plate reissuance fee if a vehicle is already registered at the time of renewal with a plate of the type being renewed. Specify that this would not prohibit DOT from charging a plate replacement fee (as allowed under current law) if the recipient requests a plate of a new design for a vehicle prior to the time that the plates for that vehicle would be replaced. These provisions would apply to the replacement schedule that begins in July, 2000, as well as any subsequent plate replacement cycle.

no approved drafting
 2. Maintain current law. (This would require DOT to charge a reissuance fee, upon replacement of a plate, if one is currently required.)

D. Sesquicentennial Plate Replacement

1. Approve the Governor's recommendation (with a technical modification) to permanently exempt sesquicentennial plates from the replacement requirement.

Approved w/standard design 2. Exempt the sesquicentennial plates from the plate replacement requirement during the replacement cycle that would begin in July, 2000, but specify that sesquicentennial plates must be replaced during the next plate replacement cycle.

3. Require sesquicentennial plates to be replaced during the replacement cycle that would begin in July, 2000.

E. Ongoing Plate Replacement Requirement

1. Approve the Governor's recommendation to require the replacement of license plates every sixth year, starting in July, 2006.

2. Require the replacement of license plates every seventh year, starting in July, 2007.

3. Maintain current law. (This would impose no statutory requirement that plates be replaced on an ongoing basis.)

Prepared by: Jon Dyck

1999

Date (time) needed SOON

LRB b 0300 / 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 1216, line 23: delete the material beginning with "This" and ending with "Stats." on line 25.

MOVE
#. Page 1217, line 9: delete the material beginning with "This" and ending with "Stats." on line 10.

on lines 24 and 25,
#. Page 1216, line 24: delete "subdivision" and substitute "paragraph".

#. Page, line

(END)

#. Page, line

#. Page, line



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0300/1
PEN:jlg:km

LFB:.....Dyck – Paper 955, Rebasng license plates

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 1216, line 24: on lines 24 and 25, delete "subdivision" and substitute
3 "paragraph".

4 **2.** Page 1217, line 9: delete the material beginning with "This" and ending
5 with "stats." on line 10.

6 (END)