

Fiscal Estimate Narratives

DOT 2/22/02

LRB Number 01-4601/1	Introduction Number AB-803	Estimate Type Original
Subject Mandatory automobile insurance		

Assumptions Used in Arriving at Fiscal Estimate

One-time costs: none

On-going costs

-Division of Motor Vehicles

Salary and fringe 1.2 FTE \$44,300

Materials & Supplies (Forms) = \$30,250

Local revenues: \$13.86 million

Basis for Conclusion:

1. No separate charge code for identifying insurance-related citations on the driver record will be developed. Instead, these citations will be recorded under "Miscellaneous." It will be possible to count the number of citations issued for "no insurance," but it will not be possible to identify citations that are dismissed. [The cost to develop a new charge code is \$36,100. [50 days x (\$500 per day for programmer + \$222 per day for IEF Tool) = \$36,100.]
2. The Department will not issue the proof of insurance for carrying in the vehicle. The form will be issued by Insurance companies. The format will be prescribed by Rule, using the national standard for insurance identification cards.
3. Estimate 87,985 new convictions for "no insurance" will occur as a result of the requirement to carry liability insurance:
 - A. In 2000, 800,357 convictions were entered on driver records. Of these, 76,102 were for Failure to Fasten Seat belt, which is a secondary conviction. Therefore, the number of convictions for primary traffic related stops was 724,255 [800,357 - 76,102 = 724,255] Assuming 10.6% of Wisconsin drivers are uninsured: there would be an estimated 76,771 new convictions for "no insurance." [10.6% x 724,255 = 76,771]
 - B. 213,650 vehicles were involved in reportable crashes in 1999, the latest year for which final data is available. Of these, 22,612 vehicles, or about 10.6%, were not covered by liability insurance. About 44% of the 22,612 drivers were issued another citation and are already counted in the convictions discussed in point A. The remaining 56% of the drivers would be convicted for "no insurance." 56% x 22,612 = 12,662.
 - c. Estimated new convictions = 75,323 + 12,662 = 87,985
4. Local Costs.

Costs are indeterminate.
Revenue is estimated at \$13.86 million.

 - A. Of 87,985 convictions for "no insurance," an estimated 25% (21,996) will get insurance within the 5 days, but will still be convicted of "no proof of insurance" for a \$10 fine. [\$10 x 21,996 = \$219,960]
 - B. The remaining 75% (65,989) will be convicted for the higher charge of "no insurance." [Average \$250 forfeiture x 65,989 drivers = \$16,500,000] About 16% will not pay the forfeiture. Therefore, the revenue estimate for "no insurance" forfeitures is reduced to \$13.86 million, assuming all are convicted and pay the forfeiture.
 - C. As secondary enforcement, the time necessary to enforce this provision would be included in the original stop, so additional FTE for Law Enforcement or the Courts are indeterminate.
Note: The 16% who will not pay the forfeiture is estimated from the number of Failure to Pay Forfeiture (FPF) and Failure to Pay Juvenile Forfeiture (FPJ) driver license withdrawal cases processed in 1997, divided by the total number of convictions entered: (100,069 FPF + 22,307 FPJ)/762,387 = 16% The new FPF/FPJ cases handled by DOT will not increase significantly because the secondary conviction will be part of the failure to pay

forfeiture for the primary conviction. Regardless of the changes in the FP law regarding driver license suspensions since 1997, the locals will still deal with the same volume of unpaid forfeitures.

5. DMV Position need: 1.2 FTE = \$11,300 salary and fringe

A. 0.6 FTE for processing 87,985 additional citations = \$40,600 salary and fringe. The estimated time to process a citation, including public contact, is 0.732 minutes per citation. $87,985 \text{ citations} \times 0.732 \text{ minute} = 0.6 \text{ FTE}$

B. 0.6 FTE for handing out informational brochure at DMV Customer Service Centers = \$22,100. 3 seconds to hand out and explain form $\times 1,250,000 \text{ licenses issued annually} = 0.6 \text{ FTE}$

C. Salary for one TCR4 at minimum is \$26,890 + (37.14% fringe of \$9,987) = \$36,900; 1 FTE = 1,725 production hours.

6. DMV Materials & Supplies = \$30,250 for informational brochure.

For each of 1.25 million licenses issued annually plus 10% printer overrun = 1,375,000 brochures $\times 2.2\text{¢}$ each. As a comparison, the current BDS213 "Wisconsin's Uninsured Motorists Law" brochure costs 2.2¢ each. $1.375 \text{ million} \times 2.2\text{¢} = \$30,250$.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-4601/1		Introduction Number AB-803	
Subject			
Mandatory automobile insurance			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
None			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$44,300	
(FTE Position Changes)		(1.2 FTE)	
State Operations - Other Costs		30,200	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$74,500	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S (20.395(5)cq)		74,500	
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			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$74,500	\$
NET CHANGE IN REVENUE		\$	\$\$13.86 million
Agency/Prepared By		Authorized Signature	Date
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