

L

**Agency:** Financial Institutions

**Issue:** Technology Initiatives

**Alternative:** 2

Alt 3 OK

**Summary:**

The Governor is trying to make DFI more accessible to businesses in Wisconsin by putting more information on-line and making respective registration forms available as well.

Alternative 2 would modify the governor's request to fund all six initiatives by funding DFI's top three programs instead. The top three programs are The Corporate Registration Program, The Business Portal, and The Administrative Information Systems.

By only funding their top three technology initiatives, we would lapse another \$263,900 to GPR for the biennium. We would be able to enhance DFI's responsibilities while not damaging the mission of DFI as a state agency.

**By:** Raghu

- a b f  
 b, f  
 a, f

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Some consensus  
 for Alt. 3

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or 2 a, b, f



# Legislative Fiscal Bureau

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

May 9, 2001

Joint Committee on Finance

Paper #440

## Technology Initiatives (DFI)

[LFB 2001-03 Budget Summary: Page 295, #2 and Page 296, #3]

### CURRENT LAW

1999 Act 9 (the 1999-01 biennial budget) provided the Department of Financial Institutions (DFI) with \$171,200 PR in 1999-00 and \$169,600 PR in 2000-01 for technology initiatives. Act 9 provided funding for: (a) a statewide electronic forms initiative (\$61,600 in 1999-00 and \$57,200 in 2000-01); (b) computer equipment for the Office of Credit Unions (\$22,000 in 1999-00 and \$63,600 in 2000-01); and (c) development of a shared system (administrative information system) to provide administrative functions needed throughout the agency for examination, tracking, billing and receipting functions (\$87,600 in 1999-00 and \$48,800 in 2000-01). Act 9 provided funding for all three initiatives on a one-time basis.

### GOVERNOR

Provide \$602,900 PR and 2.0 PR positions in 2001-02 and \$310,200 PR and 1.75 PR positions in 2002-03 for the following technology-related initiatives:

	2001-02		2002-03	
	Funding	Positions	Funding	Positions
<u>Corporation Information Technology Initiatives</u>				
Corporate Registration Information System	\$321,900	1.00	\$85,600	0.00
Business Portal	0	0.00	82,100	1.00
Conversion of Corporation Annual Reports	<u>102,000</u>	<u>0.00</u>	<u>-9,000</u>	<u>-0.25</u>
Subtotal	\$423,900	1.00	\$158,700	0.75
<u>Other Information Technology Initiatives</u>				
Division of Securities Database Server	\$65,900	0.50	\$0	0.00
Electronic Filing of Securities Documents	0	0.00	105,000	0.50
Administrative Information System	<u>113,100</u>	<u>0.50</u>	<u>46,500</u>	<u>0.50</u>
Subtotal	\$179,000	1.00	\$151,500	1.00
Total	\$602,900	2.00	\$310,200	1.75

## DISCUSSION POINTS

1. The funding recommended by the Governor for corporation information technology initiatives would be used for the following programs.

a. **Corporate Registration Information System (CRIS).** The CRIS system would be modified to allow on-line filings of corporate forms and name reservations through DFI's web site. In 1999, DFI processed approximately 1,900 name reservation applications and about 15,800 new domestic records. DFI indicates that the number of applications continues to increase annually and that on-line filing would help to introduce both time and staffing efficiencies to the filing and name reservation process. Funding of \$321,900 and 1.0 project position in 2001-02 and \$85,600 in 2002-03 would be provided for this initiative. In the first year, funding would be provided for three contract positions (\$261,200) and the project position (\$60,700). In the second year, two contract positions would be funded (\$85,600). The work would be conducted primarily by the contract staff; the project position in the first year would assist in project coordination, perform administrative duties and test the system.

b. **Business Portal.** The Department would develop and implement a "build-your-business" portal to enable new businesses in Wisconsin to complete the necessary application forms on-line and to provide information to potential new businesses. The portal would provide a single entry point for businesses to file application forms with DFI, the Department of Revenue, the Department of Workforce Development, the Department of Natural Resources and other state agencies. Funding of \$80,900 for 1.0 project position and \$1,200 for contractor costs would be provided in 2002-03. The project position would transfer from the CRIS system project in 2002-03 and be responsible for implementation, monitoring and maintenance of the project.

c. **Conversion of Corporation Annual Reports.** The last seven years of corporation annual reports would be scanned to make them available on-line to the public as well as to state agencies that frequently request the information. Currently, interested parties must submit a written request for each annual report requested. DFI receives about 4,200 requests for annual reports each year. It is estimated that 850,000 documents would be scanned at a cost of \$0.12 per document. Scanning services would be provided by a private vendor at a total cost of \$102,000 in 2001-02. In 2002-03, funding would be reduced by \$9,000 and 0.25 position would be eliminated to reflect anticipated efficiencies from having the information available on-line.

2. The funding recommended by the Governor for other information technology initiatives would be used for the following programs.

a. **Division of Securities (DOS) Database Server.** The database format used by DOS to maintain licensing information would be converted from cyber-query/cyber-screen (CQCS) to structured query language (SQL). This database houses information on firms, individuals, mutual funds, registrations and exemptions for securities and franchise offerings, and enforcement investigations/administrative actions. Other DFI databases already operate in SQL format. Funding of \$30,400 for the 0.5 project position and \$35,500 for contractor costs would be provided in 2001-02.

b. **Electronic Filing of Securities Documents.** System modifications would be implemented to enable the Division of Securities to accept required corporate franchise and mutual fund filings electronically. This initiative would begin after conversion of the database outlined in the preceding paragraph. DFI indicates it receives over 600 securities filings and over 900 franchise filings per year. Funding of \$40,500 for the 0.5 project position and \$64,500 for a contracted web developer would be provided in 2002-03.

c. **Administrative Information System (AIS).** The Department would continue and expand the administrative information system project included in 1999 Wisconsin Act 9. The AIS is an administrative computer network system that supports agency-wide licensing, examination, tracking, billing, and receipting functions. The recommended funds would be used to enable the Department and financial institutions to conduct these activities on-line and to make the system more accessible and user friendly. In 2001-02, \$82,700 in funding would be for contracted system development and testing services; \$30,400 would be for the 0.5 project position. In the second year, \$40,500 would be for the project position and \$6,000 for contractor costs.

3. In its budget submission, DFI identified the following projects as high priorities: (a) the business portal; (b) corporate registration information system; and (c) administrative information system. Funding of \$649,200, or 71% of the \$913,100 recommended for all technology initiatives, would be provided for these three initiatives. Recommended biennial funding for the CRIS alone is \$407,500 -- nearly half of the \$913,100 total for all six initiatives.

4. The following projects were identified as medium priorities: (a) electronic filing of securities documents; (b) DOS database server conversion; and (c) conversion of corporation annual reports. Total recommended funding for these three initiatives is \$263,900 for the biennium.

5. Despite the prioritization assigned to the technology projects by DFI, none of the initiatives is critical to DFI's mission as a state agency. Rather, the projects represent technological enhancements to responsibilities already carried out by the agency.

6. At the end of each fiscal year, the unexpended balance in the Department's PR appropriation for general program operations lapses to the general fund as GPR-earned. Thus, funding decisions affect the general fund. If none of the technology initiatives is funded, \$602,900 would lapse to the general fund at the end of 2001-02 and \$310,200 would lapse to the general fund at the end of 2002-03.

7. One factor cited by DFI in support of its electronic filing of securities documents initiative is a national lobbying effort by the securities industry to persuade Congress to preempt the states from requiring any notice filings or requiring the payment of filing fees. Securities industry firms and related businesses have complained about the cost and difficulty of filing separately in the 50 states. Since such filings raise approximately \$8 million annually in Wisconsin, DFI is concerned about the potential loss of revenue should the industry lobbying efforts succeed. DFI maintains that easing the filing process by acquiring the capability to process on-line filings of securities documents would lessen the security industry's concerns regarding the difficulty of filing and, thereby, ease the pressure on Congress to act.

**ALTERNATIVES**

1. Approve the Governor's funding recommendations for all six initiatives.
2. Modify the bill by deleting any of the following technology items. Any deletions would reduce DFI's PR expenditure authority and increase the year-end lapse to the general fund by the same amount.

DFI Technology Initiative	2001-02		2002-03	
	Funding	Positions	Funding	Positions
a. Corporate Registration Information System	\$321,900	1.00	\$85,600	0.00
b. Business Portal	-0-	0.00	82,100	1.00
c. Conversion of Corporation Annual Reports	102,000	0.00	-9,000	-0.25
d. Division of Securities Database Server	65,900	0.50	-0-	0.00
e. Electronic Filing of Securities Documents	-0-	0.00	105,000	0.50
f. Administrative Information System	113,100	0.50	46,500	0.50

3. Maintain current law.

Alternative 3	GPR	PR	TOTAL
2001-03 REVENUE (Change to Bill)	\$913,100	\$0	\$913,100
2001-03 FUNDING (Change to Bill)	\$0	-\$913,100	-\$913,100
2002-03 POSITIONS (Change to Bill)	0.00	-1.75	-1.75

MO# Alt. 3

BURKE	<input checked="" type="checkbox"/>	N	A
DECKER	<input checked="" type="checkbox"/>	N	A
MOORE	<input checked="" type="checkbox"/>	N	A
SHIBILSKI	<input checked="" type="checkbox"/>	N	A
PLACHE	<input checked="" type="checkbox"/>	N	A
WIRCH	<input checked="" type="checkbox"/>	N	A
DARLING	<input checked="" type="checkbox"/>	N	A
WELCH	<input checked="" type="checkbox"/>	N	A
GARD	<input checked="" type="checkbox"/>	N	A
KAUFERT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	A
ALBERS	<input checked="" type="checkbox"/>	N	A
DUFF	<input checked="" type="checkbox"/>	N	A
WARD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	A
HUEBSCH	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	A
HUBER	<input checked="" type="checkbox"/>	N	A
COGGS	<input checked="" type="checkbox"/>	N	A

AYE 13 NO 3 ABS \_\_\_\_\_

**Agency:** Financial Institutions

**Issue:** Business Association Fees

**Alternative:** 1

1 ok

**Summary:**

DFI says that the service fees are nominal and if increased, would raise \$40,000 PR during each year of the biennium

We should go with the Governor's alternative because it would potentially increase GPR by \$40,000 per year over the biennium.

**By:** Raghu

1 ok  
bank wants 2



## Legislative Fiscal Bureau

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May 9, 2001

Joint Committee on Finance

Paper #441

### Business Association Fees (Financial Institutions)

[LFB 2001-03 Budget Summary: Page 298, #5]

#### CURRENT LAW

Under current law, the level of many fees for services provided by the Department of Financial Institutions (DFI) relating to the regulation of business associations are specified in statute.

#### GOVERNOR

Require DFI to establish, by rule, fees for all of the following:

- a. Providing electronic access to, or preparing and supplying copies or certified copies of, any resolution, deed, bond, record, document or paper deposited with or kept by DFI under the statutes relating to business formation records.
- b. Providing in an expeditious manner, electronic access to any document deposited with or kept by DFI under the statutes relating to business formation records.
- c. Preparing, in an expeditious manner, any copies, certified copies, certificates or statements provided under the statutes relating to business formation records.
- d. Issuing certificates or statements, in any form, relating to the results of searches of DFI's records and files.
- e. Processing any service of process, notice or demand served on the Department.
- f. Processing, in an expeditious manner, a document filed with the Department.

Eliminate the current statutory fees for certain services provided by the Department and, instead, specify that these fees would be established by rule. The specific fees that would be affected and the current statutory fee amounts are listed in the appendix to this paper.

**DISCUSSION POINTS**

1. DFI indicates that most of the fees identified in the appendix likely would be raised if established by rule. The Department maintains that these fees are generally nominal and do not necessarily cover the cost of providing the service.

2. Should the proposal be enacted, the Department estimates that the fee increases would raise roughly \$40,000 PR during each year of the 2001-03 biennium. As of the time of this writing, DFI had determined neither which fees would be raised nor the extent of any increases.

3. At the end of each fiscal year, all unexpended balances in the Department's PR appropriation for general program operations lapse to the general fund as GPR-earned. Thus, if the proposal is enacted and fees raised, an additional \$40,000 per year potentially could lapse to the general fund and be available for other uses.

**ALTERNATIVES**

1. Approve the Governor's recommendation to require that the fees identified in the appendix be established by administrative rule. Estimate additional GPR-earned of \$40,000 per year.

<u>Alternative 1</u>	<u>GPR</u>
2001-03 REVENUE (Change to Bill)	\$80,000

2. Maintain current law.

	MO#			
I	BURKE	Y	N	A
	DECKER	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	WIRCH	Y	N	A
	DARLING	Y	N	A
	WELCH	Y	N	A
	GARD	Y	N	A
	KAUFERT	Y	N	A
P	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUEBSCH	Y	N	A
	HUBER	Y	N	A
	COGGS	Y	N	A

P AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_

## APPENDIX

### Current Business Association Fees Imposed by DFI

Fee levels currently set in statute that would be established by administrative rule under the Governor's proposal are itemized below. The current level of the fee is also listed.

- a. Serving process on DFI under the uniform partnership act, the uniform limited partnership act or the statutes relating to corporations, nonstock corporations, limited liability companies (LLCs), and cooperative associations: \$10.
- b. Expedited processing of documents filed with DFI under these statutes and the statutes relating to business formation records and for expeditiously providing certain information: \$25.
- c. Providing verification of the existence or registration of, or certain other information pertaining to, a limited partnership or cooperative association: \$4 if written, \$7 if faxed.
- d. Providing names and addresses of general partners and an office address for a partnership: \$7 plus \$.50 per additional page if more than one page is needed.
- e. Certificate or statement of status of a corporation or LLC: \$5.
- f. Certificate or statement of status of a nonstock corporation: \$5, or \$10 if additional information is requested.
- g. Copying a document deposited or kept by DFI under the statutes relating to business formation records and attaching a certificate: \$.50 per page and \$5 for a certificate. If a copy is not to be certified and if the reproduction is performed by DFI: the actual and necessary costs of reproduction and transcription or \$2, whichever is greater.
- h. Recording any document authorized or required by law to be recorded in DFI: \$1 per page.
- i. Providing certified copies of certificates of incorporations or amendments, licenses of foreign corporations, or similar certificates, and for certificates as to results of searches of DFI records and files, when a printed form is used: \$5. If a specially prepared form is required: \$10.
- j. Telegraphic reports as to results of record searches: \$5 plus the cost of the telegram.
- k. Written information regarding the status of a cooperative association plus a list of the names and addresses of officers and directors, and the association's principal place of business: \$7 plus \$.50 per additional page if more than one page is needed.

FINANCIAL INSTITUTIONS

Financial Education Program

Motion:

Move to decrease the Department's base budget by \$120,000 PR in 2001-02 and in 2002-03 to eliminate funding that was provided in the 1999-01 budget to expand a program to educate the public about their rights and responsibilities in financial matters.

Note:

Among the items funded in the 1999-01 budget were a financial education program that included a speakers bureau, the printing of educational materials for the public, and improvement of the Department's education areas in the Madison and Milwaukee offices.

This motion would reduce DFI's expenditure authority by \$120,000 annually and increase the Department's lapse to the general fund by the same amount.

[Change to Bill: -\$240,000 PR and \$240,000 GPR-Earned]

MO# \_\_\_\_\_

BURKE	Y	(N)	A
DECKER	(Y)	N	A
MOORE	Y	(N)	A
SHIBILSKI	Y	(N)	A
PLACHE	Y	(N)	A
WIRCH	Y	(N)	A
DARLING	(Y)	N	A
WELCH	(Y)	N	A
2 GARD	(Y)	N	A
KAUFERT	(Y)	N	A
ALBERS	(Y)	N	A
/ DUFF	(Y)	N	A
WARD	(Y)	N	A
HUEBSCH	(Y)	N	A
HUBER	Y	(N)	A
COGGS	Y	(N)	A

## FINANCIAL INSTITUTIONS

### Filing Fees Paid by Business Corporations

#### Motion:

Move to incorporate the provisions of 2001 Senate Bill 148 (LRB 2889/2) relating to fees charged by DFI for filing articles of incorporation, amendments to articles of incorporation, reinstatements of articles of incorporation, articles of merger and articles of share exchange.

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#### Note:

This motion would adopt the provisions of 2001 Senate Bill 148 and would change the following filing fees as described.

a. Reduce the fee for filing articles of incorporation from 1 cent to 0.01 cent for each authorized share. The current minimum fee of \$90 and the current maximum fee of \$10,000 would remain in effect.

b. Reduce the fee for amending articles of incorporation to \$40, plus 0.01 cent for each authorized share after the amendment, less a credit of 0.01 cent for each authorized share immediately before the amendment. The maximum fee would remain at \$10,000. The current fee is \$40 plus 1 cent for each authorized share after the amendment, less a credit of 1 cent for each authorized share immediately before the amendment, up to \$10,000.

c. Reduce the fee for filing a restatement of articles of incorporation, with or without amendment of articles, to \$40, plus 0.01 cent for each authorized share after the restatement and any amendment, less a credit of 0.01 cent for each authorized share immediately before the restatement and any amendment. The maximum fee would remain at \$10,000. The current fee is \$40 plus 1 cent for each authorized share after the restatement and any amendment, less a credit of 1 cent for each authorized share immediately before the restatement and any amendment, up to \$10,000.

d. Reduce the fee for filing articles of merger to \$50 for each domestic corporation and each foreign corporation authorized to transact business in this state that is a party to the merger, plus 0.01 cent for each authorized share of the surviving domestic corporation after the merger, less a credit of 0.01 cent for each share that is authorized immediately before the merger by each domestic corporation that is a party to the merger. The maximum fee would remain at \$10,000. The current fee is \$50 for each corporation that is a party to the merger, plus 1 cent for each authorized share of the surviving domestic corporation after the merger, less a credit of 1 cent for each share that is authorized immediately before the merger by each domestic corporation that is a party to the merger, up to \$10,000.

e. Reduce the fee for filing articles of share exchange to \$50 for each domestic corporation and each foreign corporation authorized to transact business in this state that is a party to the share exchange, plus 0.01 cent for each authorized share of the acquiring domestic corporation after the share exchange, less a credit of 0.01 cent for each share that is authorized immediately before the share exchange by the acquiring domestic corporation. The maximum fee would remain at \$10,000. The current fee is \$50 for each corporation that is a party to the share exchange, plus 1 cent for each authorized share of the acquiring domestic corporation after the share exchange, less a credit of 1 cent for each share that is authorized immediately before the share exchange by the acquiring domestic corporation, up to \$10,000.

It is estimated that the filing fee changes outlined above would result in reduced program revenues to DFI of approximately \$484,200 in 2001-02 and \$553,400 in 2002-03 for a total reduction of \$1,037,600. Because unexpended program revenue in DFI lapses to the general fund at the end of each fiscal year, this motion would also reduce GPR-earned by \$1,037,600 for the 2001-03 biennium.

[Change to Bill: -\$1,037,600 PR-REV and -\$1,037,600 GPR-Earned]

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 5 NO 11 ABS \_\_\_\_\_

# FINANCIAL INSTITUTIONS

## LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments
7	Changes to Registration and Reporting Requirements for Certain Consumer Credit Entities

## LFB Summary Items for Introduction as Separation Legislation

<u>Item #</u>	<u>Title</u>
4	Administrative Dissolution of Limited Liability Companies
6	Interest on Money Being Held for Investment
8	Investment Advisor Registration and Fees
9	Regulation of Credit Unions
10	Universal Banking

MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_

AGENCY: DOT - Motor Vehicles

PAPER: #930

ISSUE: Computer Database Redesign

RECOMMENDATION: Alternative 2

SUMMARY: Don't really care what happens here. But, seems like alt 2 is best because it doesn't increase funding more than the governor did but provides continued funding into the next biennium for a needed IT project. It also adds some checks and balances by putting \$2 million in unallotted reserve pending results of the consultant's study.

Just FYI: We got an email from Eric Englund, Insurance Alliance, objecting to the gov's fee increase for records. They say they could pay an 50 cents per record in 2002 and \$1.00 per record in 2003. And they recommend deleting the DOT's proposed database redesign (i.e. so no money is needed for that project).

BY: Barry

*Alt 2 - Russ*

Moore motion to split funding  
\$1 mil 1<sup>st</sup> yr.  
\$2 mil second } come back to JFC

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Consensus for 3

Coygs motion



## Legislative Fiscal Bureau

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May 9, 2001

Joint Committee on Finance

Paper #930

### Computer Database Redesign (DOT -- Motor Vehicles)

[LFB 2001-03 Budget Summary: Page 669, #1]

#### CURRENT LAW

The Department of Transportation has been in the process of replacing the Division of Motor Vehicles' vehicle and driver record databases and application programs since 1989. The amount of base funding for the systems redesign effort varies depending upon the amount of other data processing that must be done to implement legislative changes, such as changes in motor vehicle laws, or perform system maintenance. DOT has 38.5 positions in DMV and the Division of Business Management and five contract programmers working on the redesign effort or other data processing, depending upon the relative workload. The total, annual salary and fringe benefits cost for these positions, plus contractor payments associated with the contract programmers, is \$3,632,500. The DOA mainframe rate charge cost associated with these programmers is \$1,028,100 annually.

#### GOVERNOR

Provide \$3,660,900 SEG in 2001-02 for computer programming and database redesign. This amount would be used as follows: (a) \$387,200 for data processing necessary to implement a provision of 1997 Act 27 that requires DOT to register automobiles for exactly one year beginning on the day that the vehicle was registered, instead of beginning either on the first day of the month the vehicle is registered or the first day of the following month; (b) \$273,700 for data processing necessary to implement 1999 Act 88, which requires DOT to include a place on vehicle registration and driver's license applications for applicants to request that their personal information not be released in lists of 10 or more records; and (c) \$3,000,000 for the ongoing redesign of the Division's driver and vehicle databases. The bill would place the \$3,000,000 for database redesign in unallotted reserve until the completion of a study of the Department's information technology needs.

## DISCUSSION POINTS

1. The Division of Motor Vehicles began to replace the computer databases and application programs that are used to perform the automated functions of the Division in 1989, using federal funds provided by Congress for implementing a uniform commercial motor vehicle driver's licensing system. Since that time, DMV has used base resources and increases provided by the Legislature to continue the database redesign project. The bill would provide additional funding in 2001-02 to continue this effort, but would provide no funding in 2002-03, and so there would be no increase in the ongoing funding for the project.

2. DOT indicates that without additional, ongoing funding, the Division would continue to use base resources for redesign, but that maintaining the current systems and making modifications to implement legislative changes, such as changes to motor vehicle laws, would be of a higher priority than the redesign project. Because system maintenance and legislative changes generally consume a large portion of DOT's resources devoted to DMV data processing, DOT estimates that the redesign project will take approximately 20 more years to complete without additional funding increases.

3. DOT indicates that one of the reasons that the redesign process is expected to take 20 years to complete is that resources that had been devoted to or provided for the redesign process in the past have been diverted to make legislative changes and to maintain the system. For instance, implementing the provisions of 1999 Act 9 that require a graduated driver's licensing system for young drivers took about 500 programmer-days, at an estimated cost of \$235,100. Act 9 did not provide funding for this data processing, so base resources, which otherwise would have been used for the redesign project, were used instead. Similarly, preparing the Division's systems for the date recognition problems associated with the year 2000 cost about \$3,000,000, which also diverted resources from redesign. DOT expects programming resources will continue to be devoted to these types of changes in the future, accounting for the long time needed to complete the redesign project with base resources.

4. Another reason that the redesign is expected to take a long time to complete is the complexity of the system. The entire system is made up of about 7,100 computer programs, which control nearly every process within the Division. Over time, the system has become increasingly complex because modifications have been made regularly since the system was first created in the 1970s. A considerable amount of time spent redesigning the system will involve examining the code of numerous programs to determine what linkages may exist between programs and what changes are necessary to continue to allow different parts of the system to interact. Often changes that are made to one part of the system may cause unforeseen problems for other parts of the system that were created many years earlier, which can require a significant amount of time to correct.

5. The amount of programming needed to redesign DMV's computer systems is somewhat consistent with the resources needed to make modifications to computer systems in other agencies. It is estimated that DOR's integrated tax system (ITS), for instance, will cost \$59.4 million. DWD's kids information data system (KIDS) was developed at a cost of \$51.5 million. DOT has spent approximately \$14 million on the redesign project and estimates that the remaining

cost of the project will be between \$25 million and \$35 million.

6. DOT has identified several reasons for replacing the old system. First, the old databases and programs have become difficult to maintain. While these databases were innovative for the 1970s, they are of a type that is no longer used and, therefore, unfamiliar to most programmers. Similarly, the application programs are in a computer language called Assembler that is difficult to use and no longer widely taught. The new systems, in contrast, use common database programs and programming languages.

7. Secondly, while the old systems were built to efficiently process information, they are difficult to modify. As the overall system has been modified over a period of 20 years to 30 years, it has become very complex and increasingly difficult to make further modifications. In contrast, the new system is being built to be easily modified. For instance, creating a "charge code" to track a new traffic offense as the result of legislation takes about 160 days of programming using the old system, but will take only about a week with the new system, changing the total cost from about \$90,000 to \$3,000. Modifying the vehicle registration system to account for a new, revenue-producing license plate, such as the Ducks Unlimited plate, takes about 330 days of programming using the old system at a cost of about \$166,000, but only about 30 days under the new system at a cost of about \$15,000. DOT indicates that most routine changes could be done in about one-third of the time under the new system, compared to the old system. Currently, most legislative changes must be done in both systems, since both are still operational.

8. Another advantage cited by DOT to replacing the old system is that the new system has or will lead to several process improvements that can reduce the amount of time required to complete certain transactions. For instance, under the new system, traffic citations and court-ordered license suspensions can be transmitted to DOT electronically from those courts that are equipped to do so, which, in most cases, means that driver records get updated automatically and that no further processing is required by DMV staff. Currently, the City of Milwaukee submits about 128,000 traffic citations electronically each year and will soon begin submitting their license suspension orders electronically, with a volume estimated at about 10,000 annually. Each suspension submitted electronically is expected to save about \$4 worth of staff time. DOT indicates that process improvements like these are part of the reason that the Division has been able to keep pace with a 20% increase in workload over the past decade even while the Division's staff level has declined by nearly 5%.

9. In its budget request, DOT had asked for \$3,000,000 annually to hire contract programmers in order to accelerate the redesign project. The bill, however, would provide \$3,000,000 in 2001-02 only, which may have disadvantages from a programming efficiency perspective. DOT indicates that it typically takes several months for contract programmers to become familiar with the Department's systems and the programming tasks that need to be performed. For this reason, the amount of useful programming from a contract programmer can be maximized if programmers can be retained for a long time after they become familiar with the redesign project. The one-time nature of the bill's funding would not allow DOT to retain the programmers for very long after the training period.

10. If the \$3,000,000 provided in the first year of the biennium were divided evenly between both years, and the funding was provided on an ongoing basis, DOT would hire fewer programmers, but would be able to retain them beyond the 2001-03 biennium, which would allow the Department to take advantage of their experience beyond the first year. DOT indicates that the redesign project would take about 11 years to complete with this level of additional, ongoing funding.

11. In its budget request, DOT had proposed that \$1,000,000 of the \$3,000,000 requested for the redesign project in the first year be used for a consultant study of the Department's computer systems, designed to help the Department to efficiently manage all of its computer resources. The consultant would make recommendations related to the DMV redesign project as well as computer systems in other program areas, such as state highways or State Patrol communications. DOT believes that the consultant would help the Department determine, among other things, what computer technologies could best improve the Department's operations.

12. The bill would place the \$3,000,000 provided for the redesign project in unallotted reserve. The Executive Budget Book indicates that the Governor is requesting that DOT conduct a study like the one proposed in the Department's budget request, although it does not specify how much of the \$3,000,000 provided for the redesign project should be used for the study. DOA indicates that a portion of the funding would be released for the study and the remainder would be released upon completion of the study. The amounts released for the study would be determined based on the proposals that DOT would receive from potential study consultants.

13. DOT indicates that about \$50 million is spent each year for Department-wide services and products related to information technology. In addition, DOT estimates that the total cost to complete the DMV redesign project would be \$25 million to \$35 million. Given the large investment in computer resources, both currently and anticipated in the future, the proposed study may be justified to allow the best management of those resources. A \$1,000,000 investment in a consultant study may allow DOT to save more than that amount in the future, either by avoiding investment in unproductive technology or by making recommended process improvements in various program areas.

14. The \$1,000,000 for the study could be provided for DOT's Division of Business Management, instead of for DMV, to reflect the intent that the study examine Department-wide computer resources.

15. The budget bill would create a Department of Electronic Government (DEG). Although some of the new Department's duties would be transferred from DOA's Division of Technology Management and other agencies, DEG would have new duties and authority that may evolve over the next several years if the Department is created. One of the duties of DEG may be to coordinate studies like the one proposed by DOT, to allow all agencies to take advantage of consultant services. Consequently, the proposed DOT study could be delayed to allow DEG to develop a statewide strategy for managing computer resources. If the Committee determines that the study should not be done or should be delayed, the funding provided by the bill could be placed in DMV's supplies and services line, instead of in unallotted reserve, to allow DOT to use the

funding immediately for the redesign project.

16. One reason that the budget bill would only provide one-time funding and would request a computer systems study may be the uncertainty associated with the benefits and costs of the redesign project. This uncertainty may be decreased if DOT were required to prepare a biennial report, to be presented to the Joint Committee on Finance and the standing committees of the Legislature dealing with transportation issues, on the progress being made on the redesign project and goals of the project in the upcoming years. This would provide those committees and the full Legislature with more information to make decisions on the level of funding that should be devoted to computer programming in the Division, including information on whether savings generated from process efficiencies should be reallocated to the project.

17. The bill would also provide funding that DOT requested to implement two motor vehicle law changes that were required by previous legislation. In 2001-02, \$387,200 would be provided to implement a provision of 1997 Act 27 that requires DOT to register vehicles for exactly one year beginning on the day that the vehicle was registered, instead of beginning on the first day of either the current month or the following month, depending upon when the vehicle was first operated in the state. Also in the first year, \$273,700 would be provided to implement 1999 Act 88, which requires DOT to include a place on vehicle registration and driver's license applications for applicants to request that their personal information not be released in lists of 10 or more records. If these amounts are not provided, DOT would have to do the data processing necessary to implement these provisions using base resources that are currently devoted to either the redesign project or other base activities.

## ALTERNATIVES

1. Approve the Governor's recommendation to provide the following amounts in 2001-02: (a) \$387,200 SEG for data processing necessary to implement a provision of 1997 Act 27 that requires DOT to register automobiles for exactly one year beginning on the day that the vehicle was registered, instead of beginning either on the first day of the month the vehicle is registered or the first day of the following month; (b) \$273,700 SEG for data processing necessary to implement 1999 Act 88, which requires DOT to include a place on vehicle registration and driver's license applications for applicants to request that their personal information not be released in lists of 10 or more records; and (c) \$3,000,000 SEG in unallotted reserve for a study of DOT's computer systems and for the redesign of the Division of Motor Vehicles' databases.

2. Modify the Governor's recommendation by shifting \$1,500,000 SEG from 2001-02 to 2002-03 to provide ongoing funding for the redesign of the Division of Motor Vehicles' driver and vehicle databases and transferring \$1,000,000 SEG in 2001-02 from the Division of Motor Vehicles to the Division of Business Management for a consultant study of DOT's computer systems. Under this alternative, the remaining funding for the redesign project (\$500,000 SEG in 2001-02 and \$1,500,000 SEG in 2002-03) would be placed in unallotted reserve pending the completion of the consultant study.

3. Modify the Governor's recommendation by shifting \$1,500,000 SEG from 2001-02 to 2002-03 to provide ongoing funding for the redesign of the Division of Motor Vehicles' driver and vehicle databases. Require DOT to prepare an report by January 30, 2002, and biennially thereafter, to be presented to the Joint Committee on Finance and the Senate and Assembly committees that deal with transportation issues, on the progress of the redesign of the DMV's databases. Specify that the report must include a discussion of the following: (a) portions of the redesign project that have been completed; (b) portions of the redesign project that will be completed in the near future; (c) process changes that have been made possible by recent progress on the redesign project or may be possible in the near future; and (d) any recommendations of funding changes or legislation that may facilitate the redesign project or process improvements. Under this alternative, no funding would be provided for a study of DOT's computer systems.

4. Modify the Governor's recommendation by deleting the \$3,000,000 SEG in 2001-02 for a study of DOT's computer systems and the redesign of the Division of Motor Vehicles' database. Under this alternative, funding would be provided to implement earlier legislative actions, but the redesign project would have to proceed using only base resources.

<u>Alternative 4</u>	<u>SEG</u>
2001-03 FUNDING (Change to Bill)	- \$3,000,000

5. Maintain current law.

<u>Alternative 5</u>	<u>SEG</u>
2001-03 FUNDING (Change to Bill)	- \$3,660,900

MO# Alt 2

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS \_\_\_\_\_

TRANSPORTATION -- MOTOR VEHICLES

Computer Database Redesign  
[Paper #930]

Motion:

Move to shift \$2,000,000 SEG, of the \$3,000,000 SEG provided by the bill for computer database redesign in 2001-02, to 2002-03 and place this amount in unallotted reserve. Require DOT to prepare a report, to be presented to the Joint Committee on Finance, at its fourth quarterly meeting in 2001-02 under s. 13.10 of the statutes (June, 2002), on the Department's plan for utilizing departmental data processing resources, including the use of resources for DMV database redesign. Require DOT to consult with the Department of Electronic Government on the preparation of the report and include recommendations of how other state agencies may benefit from a coordinated approach to data processing resources planning. Specify that the \$2,000,000 SEG provided in 2002-03 may be released from unallotted reserve by the Joint Committee on Finance when the Committee reviews this report and specify that the Committee may transfer a portion of these funds to DOT's appropriation for departmental management and operations to be used in the preparation of a consultant study of DOT's information technology needs. Move the remaining \$1,000,000 SEG in 2001-02 from unallotted reserve to DMV's supplies and services line to allow this amount to be used on the redesign project.

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Note:

The Executive Budget Book indicates that the Governor is requesting that DOT conduct a study of the Department's information technology needs. DOT estimates that a comprehensive study of this type, performed by a consultant, would require \$1,000,000. The bill would provide \$3,000,000 in 2001-02 and place this amount in unallotted reserve until the study is completed.

This motion would shift \$2,000,000 from 2001-02 to 2002-03 and place this amount in unallotted reserve. The funding in the second year could be released from unallotted reserve by the Committee after reviewing a report prepared by DOT on the Department's information technology needs, prepared in consultation with the Department of Electronic Government. The Committee would be able, after reviewing this report, to release the funds from unallotted reserve and would be able to transfer a portion of the \$2,000,000 from DMV's appropriation to DOT's appropriation for departmental management and operations to be used on a consultant study. The remaining \$1,000,000 in 2001-02 and all or a portion of the \$2,000,000 in 2002-03 would be used for the DMV redesign project.

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS 0

TRANSPORTATION -- MOTOR VEHICLES

Computer Database Redesign  
[Paper # 930]

Motion:

Move to require DOT to prepare a report by January 2, 2002, and biennially thereafter, to be presented to the Joint Committee on Finance and the Senate and Assembly committees that deal with transportation issues, on the progress of the redesign of the DMV's databases. Specify that the report must include a discussion of the following: (a) portions of the redesign project that have been completed; (b) portions of the redesign project that will be completed in the near future; (c) a long-term timeline for the project, including a list of project elements that remain to be completed; (d) the estimated time needed to complete the project; (e) process changes that have been made possible by recent progress on the redesign project or may be possible in the near future; and (f) any recommendations of funding changes or legislation that may facilitate the redesign project or process improvements.

MO#			
BURKE	(Y)	N	A
DECKER	(Y)	N	A
MOORE	(Y)	N	A
SHIBILSKI	(Y)	N	A
PLACHE	(Y)	N	A
WIRCH	(Y)	N	A
DARLING	(Y)	N	A
WELCH	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	(N)	A
ALBERS	(Y)	N	A
DUFF	(Y)	N	A
WARD	(Y)	N	A
HUEBSCH	(Y)	N	A
HUBER	(Y)	N	A
COGGS	(Y)	N	A

AYE 15 NO 1 ABS

Plache may have  
motion for gas station  
drive offs.

Decker + Moore have problems.

Plache motion -  
to allow towing two  
boats

Decker motion - Alt 3  
without date restrictions,  
and "equal to" instead  
of estimate.

AGENCY: DOT - Motor Vehicles

PAPER: #931

ISSUE: Automated Oversize Truck Permits

RECOMMENDATION: Alternative 1

SUMMARY: Any alternative except #5 (which deletes funding) is ok with me. But going with the governor seems to be the path of least resistance here.

However, alt 3 makes sense too. Increase the surcharge on oversize/overweight permits to cover the real costs, and see if the truckers feel the automated system is worth it. Besides, these are the folks who are mostly responsible for the Hoan Bridge debacle - as an aside.

BY: Barry



## Legislative Fiscal Bureau

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

May 9, 2001

Joint Committee on Finance

Paper #931

### Automated Oversize/Overweight Permit Issuance System (DOT -- Motor Vehicles)

[LFB 2001-03 Budget Summary: Page 669, #2]

#### CURRENT LAW

The weight, height and length of vehicles traveling on highways of the state is limited by state statute. Some vehicles, depending upon the load being carried, are allowed to exceed these limitations, but are generally required to obtain a permit to do so. Fees are charged for permits, which are issued on a single-trip, multiple-trip, consecutive month or annual basis.

The 1999-01 biennial budget (Act 9) established a temporary 10% surcharge on permit fees to generate revenue to fund an automated permit routing system that would use data on construction projects and bridge and pavement condition to automatically select a route for overweight or oversize trucks. The system would allow motor carriers to apply for and receive permits electronically, during both business and non-business hours. The surcharge began with permits applied for after December 31, 1999, and is to expire on July 1, 2003. The surcharge is estimated to generate \$398,200 in 2001-02 and \$403,700 in 2002-03. Act 9 provided \$447,800 SEG in 1999-00 and \$193,800 SEG in 2000-01 for the purchase and installation of the system.

#### GOVERNOR

Provide \$1,082,100 SEG in 2001-02 and \$1,153,700 SEG in 2002-03 for data processing necessary to implement an automated oversize/overweight permit issuance system for commercial motor carriers. Extend the expiration of the current 10% surcharge on oversize and overweight permits from July 1, 2003, to January 1, 2008.

## DISCUSSION POINTS

1. When DOT first proposed implementing the automated oversize/overweight permit issuance system for the 1999-01 budget, it was believed that the total cost of purchasing and installing the system would be \$1.10 million. The Department now estimates that the total amount needed for the system is \$5.77 million. DOT indicates that the initial estimates, which were based on conversations with other states that had installed such systems, unintentionally included only the cost to purchase and install the software for the system, and not the cost to integrate the system with DOT's construction, road condition and other databases. The new estimate includes all of these costs.

2. Although Act 9 provided a total of \$641,600 for the permit system, DOT estimates that, by the end of the current biennium, \$1,291,800 will have been spent on the system. The additional funding (totaling \$650,200) is expected to be provided with a federal grant for intelligent transportation systems (\$443,000) and revenue generated from the sale of surplus Department property (\$207,200). Under current law, a portion of the proceeds from the sale of surplus property is deposited in an appropriation for operating budget supplements, which was the source for part of the additional funding for the system.

3. The ongoing base for the implementation of the permit system project is \$193,800 SEG. In its budget request, DOT had asked for enough additional funding to finish the system by the end of 2003-04. The bill would provide a slightly lower amount that, if carried over as part of the base into the 2003-05 biennium, would allow the system to be completed in 2004-05. DOT indicates that if this level of funding is provided, the Department's goal is to still finish the system by the end of 2003-04, either by using base resources or perhaps by scaling back on some elements of the system.

4. DOT estimates that the surcharge will have generated about \$1.4 million by the end of the 2001-03 biennium, when it is due to expire. The bill would extend the 10% surcharge on oversize and overweight permits for an additional four and one-half years, from July 1, 2003, to January 1, 2008. This extension would generate an additional \$1.8 million, bringing the eight-year total between 2000 and 2007 to \$3.2 million, if the number and type of permits remains constant over that period.

5. When the surcharge was created, it was intended to generate an amount of revenue approximately equal to the estimated cost of the system. If the surcharge is extended as proposed in the bill and the final cost of the system is \$5.77 million, the surcharge would generate an amount of revenue equal to about 55% of the cost. Since the motor carriers who apply for permits will be the primary beneficiaries of the system, it may be appropriate to extend the surcharge for a longer period than proposed by the bill or increase the surcharge percentage in order to generate enough revenue from the motor carriers who use the system to equal the cost of the system. Since the Department will use the federal grant and proceeds from the sale of surplus property for a portion of the cost, the amount that would need to be generated to cover the remaining cost would be 11% less than the full cost of the system.

6. If the 10% surcharge were extended to October 1, 2012, the total amount of

surcharge revenue generated would be approximately equal to the estimated remaining cost of the system. Similarly, enough additional revenue could be generated to equal the estimated remaining cost of the system if the permit surcharge were increased to 15%, effective with permits issued after December 31, 2001, and were extended to March 1, 2009. Increasing the surcharge to 15% of the permit fee would increase estimated transportation fund revenues in the 2001-03 biennium by \$99,600 in 2001-02 and \$201,900 in 2002-03.

7. After determining that the system would cost more than the amount of revenue that would be generated by the surcharge, as established by Act 9, DOT held discussions with representatives of the motor carrier industry about options for generating additional revenue. The representatives of the motor carrier industry indicated that they were opposed to increasing the surcharge percentage dramatically to generate enough revenue to pay for the system by the end of the 2001-03 biennium. They did express a willingness to extend the 10% surcharge to January 1, 2008, in order to generate additional revenue to pay for a portion of the additional cost. The motor carriers argued that DOT will benefit because less staff time will be spent processing permit applications.

8. An alternative that would require the motor carriers who use the system to pay for approximately three-fourths of the cost of the system, net of the amount of the cost paid with the federal grant and the proceeds from the sale of surplus property, would increase the surcharge to 15%, effective with permits issued after December 31, 2001, and extend the surcharge until January 1, 2007. This alternative would increase transportation fund revenue by \$99,600 in 2001-02 and \$201,900 in 2002-03.

9. The following table shows the base permit fees, the additional amount that is added by the 10% surcharge and the additional amount that would be added by a 15% surcharge (these amounts are rounded to the nearest dollar). Increasing the surcharge from 10% to 15% would add \$1 to the cost of a single trip permit and between \$3 to \$18 to the cost of a multiple trip or annual permit for vehicles with a gross weight up to 100,000 pounds. The fee for multiple trip or annual overweight permits for vehicles over 100,000 pounds would be increased by \$18, plus an additional \$5 for each 10,000 pounds or fraction thereof above 100,000 pounds.

<u>Permit</u>	<u>Base Permit Fee</u>	<u>Surcharge (Rounded to Nearest \$1)</u>	
		<u>10%</u>	<u>15%</u>
<b>Single-Trip Permits</b>			
Overlength	\$15	\$2	\$2
Overwidth or Overheight	20	2	3
Overwidth and Overheight	25	3	4
<b>Annual and Multiple-Trip Permits</b>			
Overlength	\$60	\$6	\$9
Overwidth and/or Overlength	90	9	14
Overweight--90,000 lbs. or less	200	20	30
Overweight--Over 90,000 lbs. to 100,000 lbs.	350	35	53
Overweight--Over 100,000 lbs. Fee, In Addition to the Fee Required for a 100,000 lbs. Permit, for Each 10,000 lbs. or Fraction Thereof Above 100,000 lbs.	\$100	\$10	\$15
<b>Consecutive Month Permits</b>			
Fee in Addition to Prorated Annual Fee for Same Type of Permit*	\$15	\$1.50	\$2.25

\* Total permit fee is rounded to the nearest whole dollar.

10. If completing the system is not a priority, the base funding and the funding provided by the bill could be deleted. In addition, the surcharge could be eliminated, effective with permits applied for after September 31, 2001. If this alternative is chosen, DOT would be able to implement the portion of the system that has been completed. DOT indicates that, under this alternative, the system would be able to automatically issue permits for simple permit applications, which account for about 5% of all permit applications. This alternative would result in a SEG funding reduction of \$193,800 annually, relative to the base, and \$1,275,900 in 2001-02 and \$1,347,500 in 2002-03, relative to the bill. Estimated transportation fund revenues would be decreased by \$298,700 in 2001-02 and \$403,700 in 2002-03.

## ALTERNATIVES

1. Approve the Governor's recommendation to provide \$1,082,100 SEG in 2001-02 and \$1,153,700 SEG in 2002-03 for data processing necessary to implement an automated oversize/overweight permit issuance system for commercial motor carriers. Extend the expiration of the current 10% surcharge on oversize and overweight permits from July 1, 2003, to January 1, 2008.

2. Modify the Governor's recommendation by extending the expiration of the current 10% surcharge on oversize and overweight permits from July 1, 2003, to October 1, 2012, which

would generate an amount of revenue approximately equal to the estimated cost of the permit issuance system, net of the amount of the federal grant and surplus property proceeds used for the project.

3. Modify the Governor's recommendation by increasing the surcharge on oversize and overweight permits from 10% to 15%, effective with permits issued after December 31, 2001, and extending the expiration of the permit surcharge from July 1, 2003, to March 1, 2009, which would generate an amount of revenue approximately equal to the estimated cost of the permit issuance system, net of the amount of the federal grant and surplus property proceeds used for the project. Increase estimated transportation fund revenues by \$99,600 in 2001-02 and \$201,900 in 2002-03 to reflect the increase in the surcharge percentage.

<u>Alternative 3</u>	<u>SEG</u>
2001-03 REVENUE (Change to Bill)	\$301,500

4. Modify the Governor's recommendation by increasing the surcharge on oversize and overweight permits from 10% to 15%, effective with permits issued after December 31, 2001, and extending the expiration of the permit surcharge from July 1, 2003, to January 1, 2007, which would generate an amount of revenue approximately equal to three-fourths of the estimated cost of the permit issuance system, net of the amount of the federal grant and surplus property proceeds used for the project. Increase estimated transportation fund revenues by \$99,600 in 2001-02 and \$201,900 in 2002-03 to reflect the increase in the surcharge percentage.

<u>Alternative 4</u>	<u>SEG</u>
2001-03 REVENUE (Change to Bill)	\$301,500

5. Delete \$1,275,900 SEG in 2001-02 and \$1,347,500 SEG in 2002-03 to remove funding provided in the bill and base funding for the data processing necessary to implement an automated oversize/overweight permit issuance system for commercial motor carriers. Delete a provision that requires DOT to develop and implement an automated system for designating the route to be traveled by a vehicle that is issued an oversize or overweight permit. Delete the provision that establishes a 10% surcharge on oversize and overweight permits, effective with permits applied for after September 31, 2001. Decrease estimated transportation fund revenues by \$298,700 in 2001-02 and \$403,700 in 2002-03 to reflect the elimination of the surcharge.

<u>Alternative 5</u>	<u>SEG</u>
2001-03 REVENUE (Change to Bill)	- \$702,400
2001-03 FUNDING (Change to Bill)	- \$2,623,400

Prepared by: Jon Dyck



AGENCY: DOT - Motor Vehicles

PAPER: #932

ISSUE: Special License Plate Issuance Fees

*Good - 1  
Dedicated - 1*

RECOMMENDATION: Alternative 4 (maintain current law)

SUMMARY: Seems least onerous to just maintain current law here. You don't make the enviros or the veterans mad, and there will plenty of other nickel-and-dime fee increases in this budget to appease us later on. Let's keep some of these plates low cost. Don't need to add an extra issuing charge just because other plates have that (i.e. you're anti gang mentality - ha).

In the alternative, alt 2 (which exempts endangered resource plates from an extra \$15 charge) would also be ok I suppose. But it still nicks the vets and others.

Also, alt 3 costs the transportation fund a lot, but it would prevent problems later on when DOT starts charging everyone \$15 every time they have to get a new plate. That will create some new constituent work, and I'm sure DOT will say the legislature made them do it.

BY: Barry

*Some want 1*      *Declare motion to charge more for plates.*

*Some want 2 or 3*

*Coggs wants 4*

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*Shibitski motion for smaller ~~license~~ plates for motorcycles.*



## Legislative Fiscal Bureau

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

May 9, 2001

Joint Committee on Finance

Paper #932

### Special License Plate Issuance Fees (DOT -- Motor Vehicles)

[LFB 2001-03 Budget Summary: Page 671, #8]

#### CURRENT LAW

Members of authorized special groups may obtain special license plates whose design and words indicate that the vehicle is owned by a member of the applicable special group. A fee, in addition to the regular registration fee, is assessed for the issuance or reissuance of most special plates. Currently, this fee is \$15 for UW System plates, celebrate children plates, Green Bay Packers plates and Ducks Unlimited plates. There is either no issuance or reissuance fee or a lower fee for other types of special plates, such as the endangered resources plates, military group plates, amateur radio plates and vehicle collector plates.

#### GOVERNOR

Increase special license plate issuance and reissuance fees to provide a uniform fee of \$15 for most special license plates, as follows: (a) from \$0 to \$15 for endangered resources and Somalia War veterans plates; (b) from \$5 to \$15 for vehicle collector plates; and (c) from \$10 to \$15 for military group, National Guard, amateur radio and fire fighter/EMT/rescue squad plates and for a second or subsequent set of prisoner of war plates (the first set of prisoner of war plates would continue to have no fee). Specify that the fee for National Guard plates would also apply to the reissuance of those plates (there is currently no fee for reissuance of National Guard plates). Specify that these fee increases would take effect on the first day of the seventh month beginning after the effective date of the bill. Increase estimated transportation fund revenue by \$19,600 in 2001-02 and \$550,200 in 2002-03.

## DISCUSSION POINTS

1. DOT indicates that the cost of issuing or reissuing special license plates, including the cost to process the application and manufacture and deliver the plates, is \$16.90 per plate set. The legislation creating the most recently-authorized special plates, such as the celebrate children plates, Ducks Unlimited plates and Green Bay Packers plates, has created a \$15 issuance and reissuance fee, with the intention of reimbursing the transportation fund for the higher cost associated with these plates.

2. Some of the plates that currently have lower issuance and reissuance fees were created earlier, when the cost of issuing the plates was likely not as high. The vehicle collector plate, for instance, was created in 1976, with a fee of \$5. Military group plates were first created in 1980, with an issuance fee of \$10. The issuance and reissuance fees have not been adjusted for inflation since that time. Therefore, increasing the fee to \$15 for these plates may be consistent with the original intent, which was to require holders of these plates to pay for the cost of their issuance.

3. Endangered resources plates were created in 1994 to generate revenue for the endangered resources programs within the Department of Natural Resources. Holders of these plates pay an additional, annual fee of \$25, which goes to DNR, but no issuance or reissuance fee is charged. In creating this plate, it may have been the intent of the Legislature to not charge an issuance fee in order to encourage the sale of these plates to generate revenue for DNR. If the Committee decides to retain the policy of no issuance or reissuance fees for this plate, this could be done while still increasing the fee for the other special plates to \$15. In this case, estimated transportation fund revenues would be decreased by \$9,900 in 2001-02 and \$382,600 in 2002-03, compared to the Governor's recommendation.

4. Creating an issuance and reissuance fee for the endangered resources plate may be justified since these plates are well established. The endangered resources plate is the most popular special plate currently issued, with nearly 24,000 sets in use. Furthermore, other revenue-producing plates, such as the UW system plates, celebrate children plates, Ducks Unlimited plates and Green Bay Packers plates all have a \$15 issuance and reissuance fee.

5. The Somalia War Veterans plate, which is not a revenue-producing plate like the endangered resources plate, was created with no issuance or reissuance fee. If the fee for the other military group plates is increased to \$15, it would seem to be consistent to create a \$15 fee for this plate as well. There are currently 27 sets of these plates in use.

6. Revenues that would be generated by the increases in the special plate issuance and reissuance fees in 2002-03 are higher than in the first year because DOT is planning to reissue most special license plate types in that year. When special license plates are replaced, the holder of those plates must pay the reissuance fee, so increasing the fee would generate additional revenue. Amateur radio and vehicle collector plates have already been reissued, but the other special plates for which the fee would be increased by the bill are expected to be replaced in 2002-03.

7. DOT indicates that the cost of reissuing a special plate is about the same as the cost

to initially issue the plate. Therefore, the reissuance fee, like the issuance fee, is intended to compensate the transportation fund for the additional cost. However, since the state is making the decision to replace special license plates (as required by statute), rather than the holder of the plate, it could be decided that the holder of the plate should not be required to pay the additional cost of the plate. There is no reissuance fee for the replacement of regular license plates.

8. If the reissuance fee is waived when special plates are replaced as part of the standard plate replacement cycle, transportation fund revenue would be reduced. This would affect plate types, such as the UW system plates, that already have a fee of \$15, as well as the plates that currently have a lower fee. Relative to the bill, estimated transportation fund revenue would be reduced by \$848,200 in 2002-03. Relative to the base, the reduction would be \$337,100 in that year.

9. A reestimate of revenue produced by increasing the issuance and reissuance fees to \$15 would increase the amount in 2002-03 by \$10,800, to \$561,000. The estimate reflected in the bill assumed that a \$10 reissuance fee would be charged under current law for the reissuance of National Guard plates. However, there currently is no reissuance fee for National Guard plates. The bill would create a \$15 reissuance fee, generating \$15 for each set replaced, instead of a \$5 increment, as had been assumed.

## ALTERNATIVES

1. Approve the Governor's recommendation to increase special license plate issuance and reissuance fees to provide a uniform fee of \$15 for most special license plates, as follows: (a) from \$0 to \$15 for endangered resources and Somalia War veterans plates; (b) from \$5 to \$15 for vehicle collector plates; and (c) from \$10 to \$15 for military group, National Guard, amateur radio and fire fighter/EMT/rescue squad plates and for a second or subsequent set of prisoner of war plates (the first set of prisoner of war plates would continue to have no fee). Specify that the fee for National Guard plates would also apply to the reissuance of those plates. Specify that these fee increases would take effect on the first day of the seventh month beginning after the effective date of the bill. Increase estimated transportation fund revenue by \$19,600 in 2001-02 and \$561,000 in 2002-03. (The revenue estimate reflects a reestimate of the revenue generated by the bill's provisions.)

<b>Alternative 1</b>	<b>SEG</b>
<b>2001-03 REVENUE</b> (Change to Bill)	\$10,800

2. Modify the Governor's recommendation by retaining current law with respect to endangered resources plates, which do not currently have an issuance or reissuance fee. Decrease estimated transportation fund revenue by \$9,900 in 2001-02 and \$371,800 in 2002-03 to reflect this change (-\$9,900 in 2001-02 and -\$382,600 in 2002-03) and a reestimate of revenue generated by the bill's provisions (\$10,800 in 2002-03).

<b>Alternative 2</b>	<b>SEG</b>
2001-03 REVENUE (Change to Bill)	- \$381,700

3. Modify the Governor's recommendation by requiring DOT to waive the reissuance fee if the special license plate is being replaced in the course of a general plate replacement cycle. Reduce estimated transportation fund revenue by \$848,200 in 2002-03 to reflect this change.

<b>Alternative 3</b>	<b>SEG</b>
2001-03 REVENUE (Change to Bill)	- \$848,200

4. Maintain current law. Reduce estimated transportation fund revenue by \$19,600 in 2001-02 and \$550,200 in 2002-03.

<b>Alternative 4</b>	<b>SEG</b>
2001-03 REVENUE (Change to Bill)	- \$569,800

Prepared by: Jon Dyck

MO# AK 1

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS \_\_\_\_\_

TRANSPORTATION -- MOTOR VEHICLES

Special License Plate Issuance Fees  
[Paper #932]

Motion:

Move to increase the issuance and reissuance fee to \$17 for the following plate types:

- (a) endangered resources;
- (b) fire fighter/EMT/rescue squad;
- (c) military group;
- (d) University of Wisconsin;
- (e) National Guard;
- (f) amateur radio;
- (g) vehicle collector;
- (h) Green Bay Packers;
- (i) Ducks Unlimited;
- (j) Celebrate Children;
- (k) any plate issued under a procedure whereby groups apply for a special group plate and deposit \$15,500 with an application; and
- (l) second or subsequent set of prisoner of war plates;

Increase estimated transportation fund revenue by \$5,200 in 2001-02 and \$130,200 in 2002-03 to reflect this change.

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Note:

A fee in addition to the fee for regular registration is required for the issuance and reissuance of most special license plates. The bill would increase the fee for certain special plates to create a common \$15 issuance and reissuance fee. This motion would increase the fee for these special plates to \$17. DOT indicates that the average cost of producing and issuing a special plate is \$16.90.

[Change to Bill: \$135,400 SEG-REV]

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 7 NO 9 ABS

TRANSPORTATION -- MOTOR VEHICLES

Permits for Towing Two Boat Trailers

Motion:

Move to allow DOT to issue an annual or consecutive month permit to allow the operation of a three-vehicle combination consisting of a towing vehicle and two boat trailers, as long as the overall length of the combination does not exceed 60 feet. Specify that, unless not structurally possible, the vehicles must be ordered with the lightest vehicle last.

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Note:

Under current law, three-vehicle combinations are generally not allowed without a permit. DOT is permitted to issue a permit for three-vehicle combinations consisting of a towing vehicle and a mobile home or camping trailer and a boat trailer, motorcycle trailer, personal watercraft trailer or all-terrain vehicle trailer, if the overall length of the combination of vehicles does not exceed 60 feet and the towed vehicles are for the use of the operator of the towing vehicle.

This motion would specify that a permit could be issued for a three-vehicle combination consisting of a towing vehicle and two boat trailers. As under current law, the vehicles would have to be ordered with the lightest vehicle last, unless not structurally possible.

This motion would also eliminate the current law requirement, for those three vehicle combinations consisting of a towing vehicle and two boat trailers, that the towed vehicles be for the use of the operator of the towing vehicle.

MO# \_\_\_\_\_

2 BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
1 PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS \_\_\_\_\_

TRANSPORTATION -- MOTOR VEHICLES

Funding for Extrication Training and Driver Abstract Fees

Motion:

Move to provide \$375,000 SEG in 2002-03 in a new, annual appropriation for making a grant to a nonprofit company to organize, teach and monitor extrication training being offered to rescue personnel. Require DOT to make a grant of \$375,000 in 2002-03 and annually thereafter to a nonprofit company that has experience in providing training that meets the standards of the National Fire Protection Association and that prepares trained individuals to teach extrication techniques used for all types of vehicles, including mass transit and paratransit vehicles and heavy trucks, to rescue personnel. Specify that the funding may be used to provide training, acquire extrication equipment or develop extrication training curricula. Require the grant recipient to reach an agreement with DOT, prior to receiving a grant, on the use of funds, including the use of any curriculum developed with the grant funds.

Increase the driver abstract fee by \$0.20, effective on July 1, 2002. Increase estimated transportation fund revenue by \$460,000 in 2002-03 to reflect this increase.

Note:

[Change to Bill: \$375,000 SEG and \$460,000 SEG-REV]

MO#			
	BURKE	Y	N A
2	DECKER	Y	N A
	MOORE	Y	N A
	SHIBILSKI	Y	N A
	PLACHE	Y	N A
	WIRCH	Y	N A
	DARLING	Y	N A
	WELCH	Y	N A
	GARD	Y	N A
	KAUFERT	Y	N A
	ALBERS	Y	N A
	DUFF	Y	N A
	WARD	Y	N A
	HUEBSCH	Y	N A
	HUBER	Y	N A
	COGGS	Y	N A

AYE 15 NO 1 ABS \_\_\_\_\_

# TRANSPORTATION

## Motor Vehicles

### LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
3	Vehicle Emission Inspection and Maintenance Program
4	Recruit Class Training
5	Postage Increase
6	Seven-Year License Plate Replacement Schedule
7	License Plate Reissuance for Heavy Trucks and Trailers
9	Printing Services Position Transfer

### LFB Summary Items for Introduction as Separate Legislation

<u>Item #</u>	<u>Title</u>
10	Occupational License Restrictions for Repeat OWI Offenders
11	Vehicle Sanctions for Repeat OWI Offenders
12	Suspension of a Juvenile's Driver's License for Failure to Pay a Nondriving

MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_