

Fiscal Estimate Narratives

DOT 2/16/2004

LRB Number 03-3053/3	Introduction Number AB-821	Estimate Type Original
Subject Motor vehicle wholesalers		

Assumptions Used in Arriving at Fiscal Estimate

1. The initial issuance of buyer's licenses would amount to approximately 10,000 licenses. This figure is based on the likelihood that there would be more of these buyers than the current holders of Buyer Identification Cards (5,000) who are limited to buying vehicles at salvage auctions. It is also based on the likelihood that there would be fewer of these buyers than there are licensed salespersons (23,000) since dealers typically employ multiple salespersons, but may only employ one or two buyers (although the buyers themselves may hold multiple licenses to buy on behalf of multiple dealers).
2. As of the effective date of this bill, all buyers would need to be licensed in order to buy vehicles on behalf of dealers, so there would be an immediate demand for 10,000 licenses. This workload could not be absorbed at current staffing levels. Since it is a one-time event to get the original licenses issued, the work could be done by limited term employees.
3. A 2001 staffing study shows the time to produce a similar license, the Buyer Identification Card, to be 18.52 minutes per unit.

ONE-TIME COST:

LTE costs

10,000 buyer licenses produced at 18.52 minutes equals 185,200 minutes, or 3,087 hours.

3,087 hours multiplied by a Transportation Customer Service Representative 1 minimum salary of \$11.345 per hour equals a salary cost of \$35,022. Adding fringe cost of \$4,578 gives a total LTE dollar amount of \$39,600.

Data Processing costs

The work must be done in a stand-alone LAN based application called DataEase, where the dealer license database is currently maintained.

Programming = 1 day @ \$200

Hardware = 1 additional printer @ \$300

Total DP = \$500

Forms

Applications (development cost is negligible, can be based on current Buyer Identification Card application); printing cost approximately \$500

Licenses (development cost is negligible, can be based on current Buyer Identification Card); printing cost approximately \$1,000.

Total forms cost is approximately \$1,500.

Publicity

Getting the information to dealers in a timely manner would require a separate mailing to all licensed dealers.

Postage cost would be 5,000 units at first-class rate of \$0.37, or \$1,850.

Printing costs for the notice would be approximately \$500.

Total publicity cost would be approximately \$2,350.

Total one-time costs add up to \$43,950; but because some cost estimates are approximate, the amount is rounded up to \$44,000.

Total one-time costs = \$44,000

ANNUAL COST:

Annual costs would include forms and renewal processing time which could be absorbed.

REVENUE:

The \$6 fee for the license would bring an estimated \$60,000 increase in revenue to the Transportation Fund. DMV would need a specific appropriation of \$44,000 to cover its one-time costs which cannot be absorbed.

Long-Range Fiscal Implications

None.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject		
Motor vehicle wholesalers		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
DMV would incur a one-time cost of \$44,000 for LTE hours to issue the original licenses, data processing system programming changes, forms and getting information out to dealers, auctions and buyers. This cost is not funded in the bill.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
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	60,000	
TOTAL State Revenues	\$60,000	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$None	\$
NET CHANGE IN REVENUE	\$60,000	\$
Agency/Prepared By		
Authorized Signature		Date
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