

Fiscal Estimate - 2003 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 03-2256/2		Introduction Number AB-384	
Subject Mandatory automobile insurance			
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div style="width: 33%;"><input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues</div><div style="width: 33%;"><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs</div></div> Local: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs 3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div style="width: 33%;">5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"><div style="width: 50%;"><input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> School Districts</div><div style="width: 50%;"><input checked="" type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div><div style="width: 50%;"><input checked="" type="checkbox"/> Cities</div></div></div></div>			

Fiscal Estimate Narratives
DOT 6/17/2003

LRB Number	03-2256/2	Introduction Number	AB-384	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 1.3 FTE \$50,180

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

Local revenues: \$15.9 million

Basis for Conclusion:

1. CONVICTIONS FOR NO INSURANCE

A. The citations for "no proof of insurance"/"no insurance" will be secondary stops for law enforcement. That is, the driver must be stopped for another reason.

B. To estimate the number of convictions for "no insurance" violations we compare it to Failure to Fasten Seatbelt (FFS), which is also a secondary stop.

C. 850,776 convictions were entered on driver records in 2001. Of these, 89,686 were for Failure to Fasten Seatbelt. Therefore, the number of convictions for primary traffic related stops was $(850,776 - 89,686) = 761,090$.

D. 204,669 vehicles were involved in reportable crashes in 2001, the latest year for which final data is available. Of these, 23,643 vehicles, or about 11.5%, were not covered by liability insurance.

E. There would be an estimated 87,525 new convictions for "no proof of insurance" given in conjunction with another citation. $[11.5\% \times 761,090 = 87,525]$

F. About 44% of the 23,643 drivers in uninsured vehicles were issued another citation and are already counted in the convictions discussed in point A. The remaining 56% of the 23,643 drivers would be convicted for "no insurance." $56\% \times 23,643 = 13,240$.

G. Estimated new convictions = $87,525 + 13,240 = 100,765$

2. LOCAL COSTS AND REVENUE

Costs are indeterminate.

Revenue is estimated at \$15.9 million.

A. Of 100,765 citations for "no insurance," an estimated 25% (25,191) will get insurance within the 5 days, but will still be convicted of "no proof of insurance" for a \$10 fine. $[\$10 \times 25,191 = \$251,913]$

B. The remaining 75% (75,574) will be convicted for the higher charge of "no insurance" for an estimated local revenue of \$15.9 million. Average \$250 forfeiture \times 75,574 drivers = \$18.9 million. About 16% will not pay the forfeiture. Therefore, the revenue estimate is reduced to \$15.9 million

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: $(100,069 \text{ FPF} + 22,307 \text{ FPJ}) / 762,387 = 16\%$ 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.

3. LAW ENFORCEMENT POSITION NEED

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.

4. DMV POSITION NEED: $1.3 \text{ FTE} \times \$38,600 = \$50,180$

A. Processing 100,765 citations \times 0.732 minutes per citation \times 1,229 hours = 0.7 FTE.

- B. Providing brochure and answering customer questions at DMV Customer Service Centers = \$22,100. 3 seconds to hand out and explain x 1,250,000 licenses issued annually = 1,041 hours = 0.6 FTE
- C. Minimum salary for a Transportation Customer Representative 4 is \$13.32/hour + 39.21% fringe of \$5.22 = \$38,600 annually. (2080 hours)
- D. 1 FTE = 1,725 production hours.

5. DMV MATERIALS & SUPPLIES

A. \$30,250 for informational brochure for 1.25 million driver license applicants (annually) plus 10% printer overrun = 1,375,000 brochures x 2.2¢ each. As a comparison, the current BDS213 "Wisconsin's Uninsured Motorists Law" brochure costs 2.2¢ each. 1.375 million x 2.2¢ = \$30,250.

6.

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 or "no insurance," but it will not be possible to identify citations that are dismissed. If done, the development of a new charge code would cost \$39,100 (50 days x (\$560 per day for programmer + \$222 per day for CPU costs.))

7. 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 DOT Rule, using the national standard for insurance identification cards.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect



Original



Updated



Corrected



Supplemental

LRB Number 03-2256/2	Introduction Number AB-384	
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	\$50,180	
(FTE Position Changes)	(1.3 FTE)	
State Operations - Other Costs	30,250	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$80,430	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S (20.395(5)cq)	80,430	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	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	\$80,430	\$
NET CHANGE IN REVENUE	\$	\$15,900,000
Agency/Prepared By		
Authorized Signature		Date
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