

Fiscal Estimate Narratives

DOT 9/23/2003

LRB Number	03-1899/2	Introduction Number	AB-486	Estimate Type	Original
Subject					
Require state agencies to act on applications for approvals within periods established by rule					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires state agencies to promulgate rules establishing periods within which the agencies intend to approve or disapprove for specified licenses, permits, and other approvals that the agencies issue.

Under this bill there are two possible consequences of failure to act on an application within the period established by rule. For some kinds of approvals, if an agency fails to act within the period established by rule or before the end of an authorized extension of that period, the application is automatically approved.

For the kinds of approvals that are not subject to automatic approval under the bill, an agency must refund fees paid by an applicant for an approval if the agency fails to act within the period established by rule. It is the intent of the bill that the agency must still act to approve or deny the application, even if the period established for review has expired and the applicable fee has been returned.

The bill requires the Department, upon receipt of an application for a permit, to inform the applicant of the period of time established to approve or disapprove the application. It is assumed this requirement can be accomplished by putting a notice within each of the appropriate application forms. The largest number of applications for which this requirement would be relevant is title applications and consecutive monthly and quarterly registrations (DMV form MV-1). The Division of Motor Vehicles (DMV) has indicated that because the effective date of the provisions of this bill are 12 months after publication, that the form MV-1 could be revised as part of the normal reordering process. Therefore the Department estimates no cost associated with informing the applicant.

It should be noted that if the assumption for notifying the applicant on the application is incorrect and that the applicant must be informed via a separate correspondence, then the cost to the Department of this provision would be \$925,400 and 21.6 FTE for those permits issued by DMV only. In addition, regardless of which assumption is correct, there may be some costs associated with revising application forms for other permitting activities or for creating form letters to be attached to applications or for sending e-mail notifications for those applicants that can be informed via the Internet. Those additional costs have not been estimated as part of this fiscal estimate.

The bill requires the Department, for certain permit types, to refund applicable permit fees if the Department fails to act within the period established by rule. Attached to this estimate is a table that details refunded permit fees for those permit types that call for refunds. For three of the permit types (including utility facility workplans, controlled-access highways, and excavating, filling, altering, or disturbing a highway or bridge) there is no applicable fee collected by the Department. For two of the permit types, the number of applications reviewed is unknown, and so an estimate of refunded permit fees is not provided. For two other permit types, the refunded permit fees are less than \$100 and are not presented. Currently, there are no known estimates for failure rates related to the Department failing to meet established time periods. For illustrative purposes, it is assumed that the maximum rate at which the Department would fail to meet the time limits established in rule would be 20% of the affected permits. The estimated refunded fees are rounded to the nearest \$100. The Department estimates that beginning in FY 2005, the refunds of applicable permit fee will total \$1,043,100.

Long-Range Fiscal Implications

The Department believes that the refunded permit fees will continue at approximately \$1,000,000 per year. Although efficiencies in the permit processing system could improve and reduce the 20% failure rates, increases in the number of permits applications received would probably off-set any savings due to these efficiencies.

Assembly Bill 486
Estimated Refund of Applicable Permit Fees

Permit Type	Number of Permits	Applicable Fee	Failure Rate	Refunded Fees
Utility Facilities	3,000	none	20%	none
Controlled-access hwy	750	none	20%	none
Municipal franchise	unknown			unknown
Outdoor advertising business license	50	250	20%	\$2,500
Outdoor advertising sign permit	12,000	35	20%	\$84,000
Excavating, ..., highway or bridge	1,000	none	20%	none
Specific information signs	8,000	\$40	20%	\$64,000
Tourist-oriented directional signs	unknown			unknown
Unworthy aircraft certificate	30	\$10	20%	N/A
Recreational vehicle dealer's license	54	\$50	20%	\$500
Recreational vehicle salesperson's license	200	\$4	20%	\$200
Salvage dealer's license	268	\$75	20%	\$4,000
Auction dealer's license	10	\$50	20%	\$100
Moped dealer's license	3	\$20	20%	N/A
Buyer identification card	2,394	\$6	20%	\$2,900
Chemical breath analysis	Unknown		20%	Unknown
Driver school	100	\$95	20%	\$1,900
Driving instructor	600	\$25	20%	\$3,000
Oversize/overweight vehicles	**		20%	\$880,000

** The Department collected approximately \$4.4 million in FY 2002 from oversize permitting fees. It is assumed that 20% of those collections would be refunded due to failure to meet period for approval/denial established by rule.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Require state agencies to act on applications for approvals within periods established by rule			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
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			-1,043,100
TOTAL State Revenues		\$	\$-1,043,100
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-1,043,100	\$
Agency/Prepared By		Authorized Signature	Date
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