

Fiscal Estimate Narratives

DOT 2/13/2004

LRB Number	03-1801/1	Introduction Number	SB-436	Estimate Type	Original
Subject					
Exemption from vehicle emissions testing					

Assumptions Used in Arriving at Fiscal Estimate

2003 LRB-1801/1 changes the time that a non-exempt vehicle is required to receive its first emission test from the second to the fourth year after the vehicle's model year.

One-time cost:

The bill results in a one-time cost of \$7,200 for data processing modifications. This cost is incurred in Appropriation 20.395(5)(cq). The bill does not fund this cost, and it cannot be absorbed within DMV's current budget.

Ongoing fiscal impact:

The ongoing fiscal impact is indeterminate. DOT cannot estimate contractor savings, because the contract with the vendor would need to be amended and payment re-negotiated. Also, DOT is unable to estimate cost of any offsetting actions that DNR might require, to maintain the state's current pollution reduction level.

Contract amendment and payment adjustment:

In Calendar Year 2003, the vehicle emission inspection (I/M) program tested about 101,100 Model Year 2002 and 2003 vehicles. These represent the 2 latest model years which, under this bill, would NOT be tested. Thus, on an annual basis, DOT would test about 101,100 fewer vehicles, which is a decrease of more than 12% from the current estimated test volume.

Section D.12(b) of the current contract between DOT and the contractor provides that any program change that will have "a significant impact on the cost of performance" requires a contract amendment "which shall take into account any equitable adjustment to payment."

Therefore, the payment amount would be adjusted. It is reasonable to assume that DOT would pay the contractor less, for such a significantly reduced test volume. But, since the amount would be negotiated, it is not possible for DOT to make any cost reduction estimate at this time.

Offsetting actions:

Moreover, any savings from reduced contractor payment could be offset to a greater or lesser extent, from offsetting pollution control actions.

Vehicle emission inspection is an element of the Wisconsin State Implementation Plan (SIP) for pollution reduction. The SIP is prepared by DNR and submitted to USEPA for approval.

If DOT were to test fewer newer vehicles each year, DNR would need to address the lost pollution reduction and any impact on the SIP. Since DOT has no way of predicting what approach DNR might take to maintain pollution reduction level, DOT cannot estimate a cost for any offsetting actions. When DOT does know what approach DNR might take, DOT would be able to provide cost estimates.

Previous legislation:

DOT provided a fiscal estimate for 2001 AB 931, both of savings as a result of fewer newer vehicles being tested, and of offsetting cost as a result of expanding the test universe to heavier vehicles. Since that time, however, DOT has entered a new contract with the emission contractor, and DOT is uncertain what approach DNR might take to offset the lost pollution reduction. Therefore, at this time, DOT cannot reliably estimate the fiscal impact of this proposal.

Long-Range Fiscal Implications

DOT cannot predict changes in actions that DNR might require to maintain SIP-specified pollution reduction. DOT cannot estimate potential costs of those actions. When DOT does know what actions DNR might take, DOT would be able to provide cost estimates.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-1801/1		Introduction Number SB-436	
Subject			
Exemption from vehicle emissions testing			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The bill results in a one-time cost of \$7,200 for data processing modifications, incurred in Appropriation 20.395(5)(cq). The bill does not fund this cost, and it cannot be absorbed within DMV's current budget.			
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, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$Indeterminate	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
DOT/ Carson Frazier (608) 266-7857		Carol Buckmaster (608) 267-6979	2/13/2004