

Fiscal Estimate Narratives

DOT 2/7/2006

LRB Number	05-3885/2	Introduction Number	SB-509	Estimate Type	Original
Description A single registration plate for motor vehicles registered with the Department of Transportation and transfers from the transportation fund to the general fund					

Assumptions Used in Arriving at Fiscal Estimate

This bill directs DOT to:

a.) Issue only one registration license plate for each motor vehicle. DOT would begin issuing a single license plate on July 1, 2006 or the day after publication, whichever is later. The Chapter 20 schedule for the Division of Motor Vehicles (DMV) operating appropriation is reduced by \$878,200 in FY 07.

b.) Annually, starting in FY 07, the Department of Administration shall transfer from the Transportation Fund to the General Fund the savings realized from issuing only one license plate.

Assumptions:

This bill identifies the savings to be realized in FY 07 from issuing only one license plate to each motor vehicle and reduces DMV's spending authority by \$878,200 in FY 07. The savings noted in SB 509 is an over-estimate of estimated savings due to a number of factors that have changed over the past four years.

* The license plate reissuance or rebasing cycle is now 10 years, per 2005 Act 25.

* Postage rates charged by the U.S. Postal Service have increased twice over the past four years; an 8.8% increase in June 30, 2002 and 5.4% increase on January 8, 2006. Mailing rates charged by the Department of Administration for DMV's large-scale mailings have also increased.

* Plate prices charged by the Department of Corrections have increased over the past four years.

* The license plate program base budget has been reduced by \$513,200 since FY 03 and another \$545,600 permanent reduction in spending authority will occur in FY 07, per 2005 Act 25.

As a result, the annualized savings in FY 07 for issuing only one license plate, rather than the current 2-plate set, is projected to be \$194,700, or \$683,500 less than the savings noted in the bill.

In FY 07, the bill will reduce the spending authority in s. 20.395(5)(cq), Wis. Stats., by \$878,200. Because the bill identifies larger than realistic "savings" to transfer to the General Fund, DMV will be required to cut \$683,500 from other programs that are un-related to license plate issuance.

The savings generated from issuing one license plate, whether \$878,200 under SB 509 or the revised \$194,700 suggested by the Department of Transportation, represents a full-year of savings in the license plate program. If the actual effective date of the bill is after July 1, 2006, the actual savings generated from issuing a single plate would only reflect a partial year of savings and not a full annualized year. The shortfall in budget "savings" would need to be absorbed in cuts to other non-license plate programs within DMV.

Long-Range Fiscal Implications

Section 7 of the bill creates s.85.57, Wis. Stats., and directs DOA to transfer from the Transportation Fund to the General Fund \$878,200 in FY 07 and to transfer an amount equal to the plate savings realized in each fiscal year thereafter. As drafted, \$878,200 becomes a permanent reduction in DMV's spending authority in the license plate program. Once that spending reduction is taken and the base is reduced, there are no new and additional savings to be generated in future years from continuing to issue only one license plate. Starting in FY 08, the annual transfer by the Department of Administration will result in budget cuts for DMV that are un-related to the license plate program, or designated transfers from the Transportation Fund balance could be budgeted by the Department.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description A single registration plate for motor vehicles registered with the Department of Transportation and transfers from the transportation fund to the general fund			
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		-878,200
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	-\$878,200
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		-878,200
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	\$878,200	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		-878,200
	TOTAL State Revenues	\$878,200	-\$878,200
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$-878,200	\$
	NET CHANGE IN REVENUE	\$0	\$
Agency/Prepared By		Authorized Signature	Date
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