

### Fiscal Estimate - 2009 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-3624/1</b>	<b>Introduction Number</b> <b>AB-0668</b>
------------------------------------	---

**Description**  
 The purchase of motor vehicles from motor vehicle salvage pools, requiring the exercise of rule-making authority, and providing a penalty

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<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
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Create New Appropriations	
<input type="checkbox"/> Decrease Existing Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs                      3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input 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	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.395(5)(cq)	

<b>Agency/Prepared By</b> DOT/ Carson Frazier (608) 266-7857	<b>Authorized Signature</b> Julie Johnson (608) 267-3703	<b>Date</b> 2/18/2010
---	---	--------------------------

**Fiscal Estimate Narratives**  
**DOT 2/18/2010**

LRB Number	<b>09-3624/1</b>	Introduction Number	<b>AB-0668</b>	Estimate Type	<b>Original</b>
<b>Description</b> The purchase of motor vehicles from motor vehicle salvage pools, requiring the exercise of rule-making authority, and providing a penalty					

**Assumptions Used in Arriving at Fiscal Estimate**

**PROVISIONS OF THE BILL**

This bill makes several changes related to motor vehicle salvage dealers, motor vehicle salvage pools, and Buyer Identification (BID) Cards.

A motor vehicle salvage dealer may purchase and resell motor vehicles only for the purposes of wrecking, processing, scrapping, recycling, or dismantling. A salvage dealer may not repair or sell any vehicles that would be capable of highway operation.

A junk vehicle is defined in statute as a vehicle that is either (1) incapable of highway operation and has value only as scrap or for parts, or (2) that an insurance company has taken possession of and the estimated cost of repair exceeds its fair market value. A junk vehicle may not be titled and registered for highway operation.

A salvage dealer purchases vehicles from a motor vehicle salvage pool, which sells used or damaged motor vehicles. A motor vehicle salvage pool may sell junk vehicles and may also sell damaged vehicles that may be repaired and subsequently titled and registered for highway operation.

A motor vehicle salvage pool may sell to salvage dealers, and may also sell to motor vehicle dealers and to wholesalers. Motor vehicle dealers may repair and resell vehicles that are capable of highway operation. Motor vehicle dealers may also obtain vehicles for parts, as long as they do not resell the parts themselves but rather use the parts on repair of a vehicle; and further, under current law, motor vehicle dealers must dispose of junk vehicles to salvage dealers or scrap metal processors. If a motor vehicle dealer were to sell the parts themselves, the motor vehicle dealer must be licensed as a salvage dealer as well as a motor vehicle dealer.

An individual, sponsored by a licensed salvage dealer, motor vehicle dealer, or wholesaler, must hold a BID Card to purchase used or damaged motor vehicles at a motor vehicle salvage pool. The application requires that one of these businesses sponsor the individual. A motor vehicle dealer, a wholesaler, or salvage dealer – licensed either in Wisconsin or in another jurisdiction – is eligible to sponsor an individual application for a BID Card.

The bill makes the following changes.

1. This bill provides that, for any motor vehicle dealer, wholesaler, or salvage dealer licensed in another jurisdiction that applies for a BID Card, the Department of Transportation must determine that the licensing standards in that other jurisdiction are comparable or equivalent to Wisconsin's licensing standards. If not, the motor vehicle dealer, wholesaler, or salvage dealer is not a qualified applicant for a BID Card.
2. The bill requires that an applicant for a BID Card that proposes to purchase any junk vehicle from a motor vehicle salvage pool and whose sponsoring business is NOT a motor vehicle salvage dealer must submit to the Department of Transportation a copy of Department of Natural Resources approvals stating that the applicant's sponsoring business complies with DNR requirements for stormwater discharge and refrigerant recovery. If the applicant does not submit those documents, DOT may deny, suspend, or revoke the BID Card.
3. The bill requires that if a BID Card holder whose sponsoring business is NOT a salvage dealer purchases a junk vehicle from a salvage pool, the BID Card holder must identify on the purchase bid the address where the junk vehicle will be stored.
4. The bill requires that, for each junk vehicle sold by a motor vehicle salvage pool, the salvage pool's record of sale must include the purchaser's BID Card number and the address where the vehicle will be stored. DOT must require in rule that the record of sale must be readily accessible to DOT, which is authorized to provide any information from these records to DNR for its enforcement of stormwater discharge and refrigerant recovery regulations.

5. The bill applies the same penalties for violation of any provision of BID Card statute (fine of \$1,000 to \$10,000 and imprisonment for up to 90 days) to falsifying documents showing DNR compliance, and to material misrepresentation of these new requirements on BID Card application or on a bid sheet.

The bill has a delayed effective date of three months (first day of the 4th month beginning after publication).

#### FISCAL IMPACT

In 2009, the Department issued 2,545 BID cards, 801 of which were to out-of-state buyers. The bill would result in greatly increased work in the Department of Transportation, to evaluate and verify that salvage dealer, motor vehicle dealer, and wholesaler business licensing standards in other jurisdictions are equivalent to Wisconsin's standards. BID Card applicants come from not only other US states but also other nations – some of which are not English-speaking countries. Evaluating licensing regulations, some not even written in English, would be extremely difficult and require sophisticated legal analysis on a continuing basis as regulations could change at any time.

Furthermore, the bill establishes a criminal penalty for false representation of application documents. If DOT were to find false applications from any of these other far-flung jurisdictions, DOT would need to find a prosecutor willing to mount a criminal prosecution of an individual in some distant jurisdiction. This would require significant DOT effort that would likely result in no prosecution, as this offense may not rank high among prosecutors' priorities. Even false application by Wisconsin applicants may not be of sufficiently high priority to a prosecutor.

The bill would require an increase of one full-time permanent FTE attorney, dedicated solely to administration of this bill's provisions. The attorney would need to be experienced and bilingual. In addition, significant electronic communications cost, as well as access to legal databases, would be required, plus on-going interpreter services, and likely travel to other jurisdictions.

Based on current salary levels for state employed attorneys, DOT estimates salary and fringe benefit cost of \$62.78 per hour or \$130,600 per year. DOT estimates that interpreter contractual service, office space rental, materials and supply, telephone and electronic communication, access to legal databases, mail, travel, and similar work support would cost \$40,000 annually. Total on-going cost is \$170,600 annually plus 1.0 FTE increase. DOT cannot absorb this cost within its current budget and the bill does not fund this cost.

#### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-3624/1</b>		<b>Introduction Number</b> <b>AB-0668</b>	
<b>Description</b> The purchase of motor vehicles from motor vehicle salvage pools, requiring the exercise of rule-making authority, and providing a penalty			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$130,600		\$
(FTE Position Changes)	(1.0 FTE)		
State Operations - Other Costs	40,000		
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$170,600</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S (Transportation)	170,600		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State		Local
NET CHANGE IN COSTS	\$170,600		\$
NET CHANGE IN REVENUE	\$		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOT/ Carson Frazier (608) 266-7857		Julie Johnson (608) 267-3703	2/18/2010