

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-4477/1	Introduction Number SB-638	
Description Penalties for violations related to the motor vehicle liability insurance requirement, proof of financial responsibility, making an appropriation, and providing a penalty		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" 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		
5. Types of Local Government Units Affected <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		
Fund Sources Affected Affected Ch. 20 Appropriations <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)		
Agency/Prepared By DOT/ Jennifer Peters (608) 267-6979	Authorized Signature Jennifer Peters (608) 267-6979	Date 1/28/2016

Fiscal Estimate Narratives

DOT 1/28/2016

LRB Number	15-4477/1	Introduction Number	SB-638	Estimate Type	Original
Description Penalties for violations related to the motor vehicle liability insurance requirement, proof of financial responsibility, making an appropriation, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

This bill would require the Department of Transportation (DOT) to suspend a person's operating privilege and all registrations of the person, unless the person can provide proof of financial responsibility, if DOT receives a record of conviction for operating a vehicle on the highway without having the required motor vehicle liability insurance policy in effect. Under the bill, the proof of financial responsibility requirement remains in effect for three years from the date of conviction.

This bill makes a one-time appropriation increase of \$295,000 to DMV, for the fiscal year in which the bill takes effect, relating to enforcing and administering the motor vehicle financial responsibility program.

The bill also provides that a religious sect, the members of which have collectively registered with DOT more than 25 vehicles, may qualify as a self-insurer. Upon application, DMV may issue a certificate of self-insurance to a religious sect, the members of which have a long-standing history of providing mutual financial assistance in a time of need, if the DMV is satisfied that the religious sect currently possesses, and will continue possessing, the ability to pay judgments obtained against the religious sect. It is estimated that this self-insurer provision will result in additional administrative costs of less than \$9,800, or 0.15 FTE, per year.

For the year 2014, there were 60,358 convictions (8.46% of total traffic convictions) resulting from violating the current motor vehicle liability insurance requirement under s. 344.62, Wis. Stats. Using the number of convictions in 2014, the department estimates that roughly two-thirds (40,239) of the total convictions represent unique individuals from that year.

Based on the administrative and fiscal impact incurred by DOT's Division of Motor Vehicles (DMV), relating to the Safety Responsibility (SR) Law – the law where driver licensing and vehicle registration sanctions are imposed against uninsured motorists involved (and who are at fault) in an accident – in addition to the self-insurer provision for a religious sect, the department estimates that this bill will result in total annual costs for DMV of approximately \$428,000 and one-time IT costs for implementation in the amount of approximately \$295,000 (see below for cost calculations).

The total amount of revenue deposited in the Transportation Fund, generated from the \$18 added to the existing reinstatement fee for convictions under s. 344.62(1), Wis. Stats, is estimated to be approximately \$1.09 million per year.

For the purposes of this fiscal estimate, the department made the following assumptions:

Employee Salary Costs –

- Transportation Customer Representative Position Hourly Rate: \$19.55
- Fringe Benefits Rate: 45.04%
- Annual Hours (per State Compensation Plan): 2,088
- Annual Work Hours (Actual): 1,725

Material Costs –

- Cost per Envelope: \$0.02
- Postage Cost: \$0.43
- Costs for Handling, Paper and Printing: \$0.06
- Costs of Supplies/Supplies per Employee: \$5,900

Inputs –

- CNI Convictions (2014): 60,358
- Estimated Number of Unique Individuals (two-thirds of total CNI convictions): 40,239
- Number of SR-related Phone Calls Received (2013): 8,100
- Average Length of Phone Calls (minutes per unit): 4.8
- Average Length of Manual Updates (correct court errors/amended charges/re-opening cases) (minutes per unit): 16.0
- Number of Motorists subject to the SR law (2012): 4,791

For the purposes of this fiscal estimate, the department made the following calculations:

ADMINISTRATIVE

- Estimated Number of Additional Phone Calls Received (using SR ratio): $68,030 = [(40,239 / 4,791) \times 8,100]$
- Total Number of Additional Phone Call Hours: $5,442 = [68,030 \times (4.8 / 60)]$
- Additional FTE Necessary: 3.2
- FTE Cost: $\$205,411.01 = 3.2 \text{ FTE} \times (2,088 \times (\$19.55 + (\$19.55 \times 45.04\%))) + \$5,900$
- Estimated Percentage of Additional Manual Updates (average for existing manual updates): 25%
- Total Number of Additional Manual Update Hours: $4,024 = [(60,358 \times 25\%) \times (16.0 / 60)]$
- Additional FTE Necessary: 2.3
- FTE Cost: $\$151,871.01 = [2.3 \text{ FTE} \times (2,088 \times (\$19.55 + (\$19.55 \times 45.04\%))) + \$5,900]$
- Additional FTE Necessary (re: self-insurer certificate): 0.15
- FTE Cost: $\$9,765.89$
- TOTAL ADDITIONAL FTE: 5.65
- TOTAL FTE COST: $\$367,047.91$

MATERIALS

- COST OF MAILING: $\$60,599.43$
- Mailings (primary letter and follow-up eligibility/post-suspension letter): $60,358 = [(60,358 + 60,358) \times (\$0.02 + \$0.43 + \$0.06)]$

TOTAL COSTS

- Annual (on-going): $\$427,647.34$
- One-time IT Costs: $\$295,125.00$

Long-Range Fiscal Implications

On-going annual costs for DMV of approximately \$428,000 (5.65 FTE). The addition of \$18 to the existing reinstatement fee, as prescribed under this bill, will result in an estimated amount of revenue deposited in the Transportation Fund of approximately \$1,086,000 per year.

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time IT costs of approximately \$295,000; One-time appropriation increase to DMV of \$295,000.	
II. Annualized Costs:	Annualized Fiscal Impact on funds from:
	Increased Costs Decreased Costs
A. State Costs by Category	
State Operations - Salaries and Fringes	\$367,048
(FTE Position Changes)	(5.6 FTE)
State Operations - Other Costs	60,599
Local Assistance	
Aids to Individuals or Organizations	
TOTAL State Costs by Category	\$427,647
B. State Costs by Source of Funds	
GPR	
FED	
PRO/PRS	
SEG/SEG-S	427,647
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	1,086,000
TOTAL State Revenues	\$1,086,000
NET ANNUALIZED FISCAL IMPACT	
	<u>State</u>
	<u>Local</u>
NET CHANGE IN COSTS	\$427,647
NET CHANGE IN REVENUE	\$1,086,000
Agency/Prepared By	Authorized Signature
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	Date
	1/28/2016