

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>15-3255/1</b>	<b>Introduction Number</b> <b>SB-395</b>	
<b>Description</b> Operation of off-highway motorcycles, granting rule-making authority, making appropriations, and providing penalties		
<b>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input 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 checked="" type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <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 <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            proposed appropriations 20.370 (1)(jb) and (3)(ay)		
<b>Agency/Prepared By</b> DNR/ Joe Polasek (608) 266-2794	<b>Authorized Signature</b> Joe Polasek (608) 266-2794	<b>Date</b> 11/23/2015

5. Types of Local Government Units Affected  
 Towns     Village     Cities  
 Counties     Others  
 School Districts     WTCS Districts

## Fiscal Estimate Narratives

DNR 11/23/2015

LRB Number	15-3255/1	Introduction Number	SB-395	Estimate Type	Original
<b>Description</b> Operation of off-highway motorcycles, granting rule-making authority, making appropriations, and providing penalties					

### Assumptions Used in Arriving at Fiscal Estimate

This bill generally requires the owner of an off-highway motorcycle (OHM) to register with the Department if the OHM will be operated off the highways. The owner of an OHM may register it with the Department for public use on trails and routes and other areas open for public use. An OHM may be registered for private use if the operation is limited to agricultural purposes or if operation is by the owner of the motorcycle or a member of his or her immediate family only on land owned or leased by the owner or a member of his or her immediate family. The Department is required to provide a registration certificate to an applicant for registration of an OHM upon receipt of the application, the payment of any applicable fees and any sales or use taxes that may be due. Each registration certificate issued to the owner of an OHM shall be accompanied by a registration decal with adhesive so that it may be affixed to the exterior of the OHM. In addition, this bill requires the Department to notify each owner of an OHM registered for public use of the upcoming date of expiration at least 2 weeks before that date.

The fee for the issuance or renewal of a registration certificate for public use and the accompanying decal is \$30. The late fee for the renewal of a registration certificate that is filed after the expiration date of the registration certificate is \$5 unless the renewal is included with an application for transfer of the registration certificate. The fee for the issuance or renewal of a registration certificate for private use and the accompanying decal is \$15. The fee for the issuance of a duplicate certificate for public or private use is \$5 and the fee for a duplicate decal is \$5. The fee for transferring a registration certificate for public or private use is \$5. Public use OHM registration is valid beginning on April 1 or the date of issuance or renewal and ending on March 31 of the 2nd year following the date of issuance or renewal.

A person who is an OHM dealer is required to register with the Department and obtain a commercial OHM certificate and 3 accompanying commercial registration decals. The OHM dealer certificate is valid for 2 years. The fee for a commercial OHM certificate with 3 decals is \$90. Additional commercial registration decals are available for \$30 per decal. The fee for issuance of a duplicate commercial OHM certificate is \$5 and the fee for each duplicate decal is \$2.

This bill generally requires a nonresident operator of an OHM on an off-highway motorcycle corridor to possess and permanently affix a nonresident trail pass on the exterior of the motorcycle. The fee for an annual nonresident trail pass is \$34.25 and the fee for a 5-day nonresident trail pass is \$19.25. Any person who issues a nonresident trail pass, including the Department, shall collect an issuing fee of 75 cents. An agent appointed by the department may retain 50 cents of the issuing fee.

### I. Revenue

#### A. Registration Fees

It is very difficult to estimate the number of OHM registrations under the proposed program. Minnesota Department of Natural Resources (MnDNR) administers a comparable OHM registration program and as of January 5, 2015, had a total of 11,700 OHMs registered. MnDNR OHM registration program does not differentiate between public and private OHM registration types as is proposed under this bill. MnDNR has registered OHMs for approximately 11 years, for an average of approximately 1,100 OHMs newly registered per year assuming a constant rate of registration. If Wisconsin OHM registrations were to be comparable to the Minnesota program, the Department assumes 11,700 total OHM registrations, of which an estimated 95%, or 11,115, would be for public use. The Department assumes that half of registrants would, on average renew their registrations annually, annual registration revenues are estimated at \$166,700 ( $11,115/2 \times \$30$ ). Additional one-time revenues of \$9,000 would be generated from an estimated 600 private use registrations at \$15 each.

## B. Nonresident Trail passes

Nonresidents operating OHMs off the highway in Wisconsin would be required to display a nonresident trail pass if the OHM is not registered in Wisconsin. It is difficult to determine the number of nonresidents who would bring their OHM to Wisconsin to operate off highway; therefore, the revenue associated with these passes is indeterminate.

C. Additional indeterminate revenue would be generated from duplicate and transfer transactions and through the sale of commercial OHM registration certificates.

## II. Costs

### A. Bureau of Customer and Outreach Services

1. Vehicle Registration System: The Department has contracted with a vendor to design a new license issuance and recreational vehicle registration system that will be operational in March 2016. Per the Department's agreement with the system vendor, there are no costs associated with the system programming changes required to implement the OHM registration program into our automated system.

2. OHM decals and registration certification card – stock, printing, folding, inserting, postage: For each OHM registration, the Department will incur costs for registration decal and certification card stock, printing, folding, inserting and postage. Decal and certification card stock currently used has two decals and one certification card per page and we would use the same stock even though only one decal is required per OHM, as the 2-up design is more efficiently handled by the inserting machinery. Assuming the department will require 1,100 sheets of decal and certification card stock per year and that each sheet is \$0.278, stock cost would be approximately \$300 per year. Total stock, printing, folding, inserting and postage would be approximately \$900 per year.

a. Registration decal with adhesive:  $(1,100 * \$0.278) = \$305.80 \approx \$300$

b. Printing, folding, inserting, and postage:  $[1,100 * (\$0.068 \text{ print} + \$0.020 \text{ fold} + \$0.044 \text{ insert} + \$0.391 \text{ base postage} + \$0.0282 \text{ postage service charge})] = \$606.32 \approx \$600$

3. OHM renewal notices – postcard stock, printing, postage: The department would be required to send a notice to each OHM owner at least 2 weeks prior to the upcoming registration expiration date. Assuming that half of the estimated 11,700 registrations would expire per year, postcard stock, printing, and postage would cost an estimated \$1,900 per year  $[5,850 \text{ registrations} * (\$0.02846 \text{ postcard stock \& printing} + \$0.261 \text{ base postage} + \$0.0282 \text{ postage service charge})]$ , beginning with year two of the OHM registration program.

4. OHM application: The department will incur costs to develop and print the OHM registration application. An electronic version of the OHM registration application will be available online for customers to print, complete, and mail for OHM registration services. Customers applying for registration in person will require a hard copy of the OHM registration application. Form development and printing costs are itemized as follows:

a. One-time form development expense: 40 hrs. @ \$33.83/hr. (NR Program Specialist 1 average salary/fringe) = \$1353.20

b. Annual printing expenses: 1,100 copies/year \* \$0.05 each = \$55

Total form development and printing would be an estimated \$1,400 the first year and \$60/year for printing thereafter.

5. Nonresident trail passes: The Department would be required to annually purchase a supply of NR trail passes to fulfill orders. While each trail pass costs approximately \$0.06 each, the total cost to provide NR trail passes is indeterminate, as we cannot determine how many nonresident OHM owners would choose to purchase a NR trail pass to operate on Wisconsin's OHM corridors.

6. Total Customer and Outreach Services costs would be an estimated \$4,300 the first year of registration  $(\$900 + \$1900 + \$1400 + \$60)$  and \$2900  $(\$900 + \$1900 + \$60)$  per year thereafter.

### B. Bureau of Community Financial Assistance

1. Off Highway Motorcycle (OHM) Council – Based on expenses incurred by a similar recreational council

attached to the DNR, costs for the first year of an OHM Council are estimated to be \$5,000; costs for future years are estimated at \$4,000. These costs presume a minimum of 3 meetings per year as specified in the bill and include meeting materials, mileage, meals and lodging for Council members while on Council business.

Costs: OHM Council Operating Budget: \$5,000 First year  
OHM Council Operating Budget \$4,000 Subsequent years

2. Grant Aids to Counties – The Department estimates needing 0.75 FTE to administer a new OHM grant program and to staff the OHM Council. A \$5,000 supplies and services budget for the position would also be required.

Costs: 1,560 hours x \$30/hour = \$46,800  
48.07% fringe rate x 46,800 = \$22,497  
Supplies and materials = \$5,000  
Total Grant Aids to Counties = \$ 74,297

3. Total Community Financial Assistance costs would be an estimated \$79,300 the first year of implementation (\$10,000 supplies + \$ 69,300 salary/fringe) and \$78,300 in subsequent years (\$9,000 supplies + \$69,300 salary/fringe).

#### C. Bureau of Law Enforcement

This bill creates an entirely new off-highway motorcycle program which requires administration of new grants, registration program and a safety education program. This new program will require additional staff to administer along with additional enforcement and safety education personnel. An estimated 1.5 additional FTE at a cost of about \$108,000 per year (1 credentialed FTE conservation warden @ \$22.050 x 2080 + 51.65% fringe rate = \$69,600 and 0.5 non-credentialed FTE natural resource program specialist @ \$25.00 x 1040 hrs. + 48.07% fringe rate = \$38,400) and a corresponding amount of safety/patrol grant funding would be needed to accommodate the increased workload associated with the overall program including, but not limited to developing a safety education program and training instructors, creating a regulation pamphlet, training conservation wardens and general law enforcement regarding the new laws, developing other public education documents and PSAs, enforcement, complaint response and crash investigations.

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

## Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
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<b>Description</b> Operation of off-highway motorcycles, granting rule-making authority, making appropriations, and providing penalties		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  One-time application form expenses of \$1,400; one-time costs related to the creation of the OHM council of \$1,000. One-time revenues of \$9,000 for private use registration.		
<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	\$177,300	\$
(FTE Position Changes)	(2.3 FTE)	
State Operations - Other Costs	11,900	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$189,200</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	189,200	
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S	166,700	
<b>TOTAL State Revenues</b>	<b>\$166,700</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$189,200	\$
NET CHANGE IN REVENUE	\$166,700	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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