

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-5057/1	Introduction Number SB-626
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Description
 penalties for violations related to the motor vehicle liability insurance requirement, proof of financial responsibility, requirements for registering motor vehicles, operating a vehicle without an operator's license or after suspension or revocation of an operating privilege, making an appropriation, 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"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" 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/ Stephanie Arduini (608) 709-0103	Authorized Signature Joan Meier (608) 267-6978	Date 1/17/2020
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Fiscal Estimate Narratives

DOT 1/17/2020

LRB Number	19-5057/1	Introduction Number	SB-626	Estimate Type	Original
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Assumptions Used in Arriving at Fiscal Estimate

There are approximately 60,000 convictions for operating without insurance (CNI), 6,400 new cases and suspensions in the Safety Responsibility (SR) program, and 33,600 phone calls taken in the current SR program per year. Based on that the department assumes:

- Based on the current value of 5 phone calls per case/suspension in the current SR program, and an anticipated continuance of approximately 56,400 new CNI cases, if 33% of the convictions under this bill initiate a similar call that lasts approximately 4 minutes, there will be approximately 70,000 new calls resulting in a need for 2.7 FTE (\$155,000)
- Approximately 25% of the convictions under this bill will need manual updates such as correction of court errors, amended charges, re-opened cases, resulting in an increase of 2 FTE (\$117,000)
- The license plate reinstatements that would follow a CNI conviction under this bill would result in an increase of 3.8 FTE of work for the DMV field stations (approximately \$211,700). These license plate reinstatement fees are currently rare, as they are primarily applied to uninsured motorists who are involved in crashes but would be applied to all CNI convictions through this bill.
- 112,800 additional mailings, costing approximately \$55,200
- The \$18 increase in driver license reinstatement costs for these convictions, assuming each conviction resulted in a reinstatement, would result in an increase of approximately \$1,016,000 to the Transportation Fund – none of which goes to DMV where the increased responsibilities would reside. Due to the timing of violations, one reinstatement may cover multiple convictions.
- The \$50 license plate reinstatement fee that would begin to be applied to this violation would, assuming each conviction resulted in payment, result in an increase of approximately \$2,822,000 to the Transportation Fund – none of which goes to DMV where the increased responsibilities would reside. Due to the timing of violations, one reinstatement may cover multiple convictions.
- The bill requires officers to cite individuals for CNI when there is no proof available, even if the individual has valid insurance. It is expected that individuals who have been ticketed for CNI, but had insurance at the time of their stop, would bring their proof to the law enforcement office to have the ticket dropped. The Division of State Patrol issues approximately 44,000 citations and warnings for both no-proof and no-insurance violations. Assuming 60% of those were issued as CNI violations that were later dropped, and assuming 5 hours of work per 200 citations, there would be an increase of 0.3 FTE (\$24,000).

Under the proposal, registration applicants must hold a valid driver license. This will require an IT solution that crosschecks registration with the driver license status of the registered owner(s). For the purposes of this estimate, DMV assumes that only the primary registered owner will require a valid driver license status. Estimates will increase if the status check will apply to all registered owners. For the purposes of this estimate, non-individual owners (businesses, trusts, etc.) were not considered.

DMV administers approximately 4.8 million original registration and registration renewals annually. DMV estimates that approximately 0.93% of registration applicants for original or renewal of their registration will have a bad (suspended, revoked, cancelled) status. 1.27% of applicants will have a driver license that is expired but otherwise valid. 2.53% of applicants will not have a driver license associated with their customer record. This would include out-of-state residents with vehicles residing in Wisconsin, registrants without a driver license, driver license surrenders due to age/medical, duplicate customer records, and other scenarios. Business rules will need to be developed to determine which of these subgroups will be eligible for vehicle registration or not.

An IT solution will need to be developed for changes to the registration processing systems to incorporate a driver operating privilege check before allowing renewal or issuance of vehicle registration. This will impact central office, customer service centers, US Bank lockbox processing (automated renewal postcard processing), self-service web applications and third-party processing. For applicants that have had their operating privilege withdrawn, DMV IT systems would need to "pend" the document workflow. If the transaction does not occur face-to-face, the system would need to automatically send out a letter to the customer to inform them of the registration denial and reason. DMV IT systems would have an automated process to periodically recheck these pending documents and complete the transaction if their status changes to valid. Business rules would need to be developed to determine when a customer is eligible for a refund.

In calendar year 2019 the Wisconsin State Patrol (WSP) issued 11,292 citations for the violations of operating without a license (OWL), operating while suspended (OWS), and operating after revocation (OAR). That would mean WSP would have been required to impound 11,292 vehicles at the time the citation was issued. It is estimated that each impoundment event would take an average of 4 hours. This would include time to tow the vehicle (especially in rural areas), to inventory the contents of the vehicle, collect and approve the required proofs for release, and to release the vehicle. The impoundment process would then require 21.7FTE.

At a rate of \$120/tow it there would be \$1,355,040 per year in towing charges.

On average OWL, OWS and OAR citations are resolved anywhere between 3 to 6 weeks and several months depending on whether there is a trial. If a vehicle were to be impounded for 3 weeks at \$25/day, there would be a charge of \$525. If a vehicle were to be impounded for 12 weeks at \$25/day, there would be a charge of \$2,100. If the 11,292 vehicles are impounded at an average of 7.5 weeks at a cost of \$25/day, there would be \$14,820,750 per year in storage charges.

WSP tracks the number of citations issued by its own sworn staff but does not receive conviction data for those citations. If a citation is dismissed or the individual is found not guilty, at a 90% conviction rate (7.5 weeks of storage) then \$1,481,125 in storage charges and \$135,504 in towing charges would not be paid. At a 70% conviction rate (7.5 weeks of storage) \$4,446,750 in storage charges and \$406,512 in towing charges would not be paid. Under this bill law enforcement agencies would be allowed to sell a vehicle not reclaimed by its owner or lienholder if more than 30 days passes after the period of impoundment.

WSP does not currently have any impoundment facilities. It is likely that the WSP would need to establish impound facilities in order to accommodate the increased number of impounded vehicles. It is estimated that it could cost roughly \$500,000 to establish each lot when factoring in the costs to obtain real estate, paving, fencing and the necessary security measures.

Local Law Enforcement will likely have very similar costs associated with impounding a vehicle, some agencies will have access to municipal impound lots, but many would need to establish impound facilities. It is possible that some commercial impound lots could be utilized but that would likely represent a small portion of spaces used to impound vehicles.

In 2018 there were 123,130 convictions for OWL, OWS and OAR statewide. The department receives the conviction rates from the courts but does not receive record of the total number of citations written. If each impoundment event would take 4 hours on average, the impoundment process would require 236.7FTE. If 123,130 vehicles were to be impounded for the average 7.5 weeks at a cost of \$25/day it there would be \$161,608,125 per year in storage charges.

At a rate of \$120/tow there would be \$14,775,600 in towing charges.

If a citation is dismissed or the individual is found not guilty, at a 90% conviction rate (7.5 weeks of storage) \$17,956,313 in storage charges and \$1,641,720 in towing charges would not be paid. At a 70% conviction rate (7.5 weeks of storage) \$69,260,625 in storage charges and \$6,332,400 in towing charges would not be paid.

Along with the unpaid fees associated with citations that are dismissed or when the individual is found guilty, it is unclear how much more of the towing and storage charges law enforcement agencies would be responsible for as the language seems to only require the fees associated with impounding the vehicle to be paid if the owner claims the vehicle. It is also possible that a prosecutor could elect not to prosecute a citation or amend a citation to another charge, in which case the storage and towing charges would likely not be paid. Again, under this bill

law enforcement agencies would be allowed to sell a vehicle not reclaimed by its owner or lienholder if more than 30 days passes after the period of impoundment. One situation that would cause question for law enforcement agencies is what to do in the case where a driver is operating OWS, OAR, or OWL and they are not the owner of the vehicle or the vehicle is stolen. It appears that the owner of the vehicle would be responsible for paying the fees to get their own vehicle back.

The total IT development effort involved in addressing the new requirements for vehicle registration is approximately 18 months of development time at a cost of \$800,725. This development effort is distinct from the IT effort related to compulsory insurance.

IT costs to implement this new process would be approximately \$295,000. This bill does not provide a one-time appropriation that would cover this IT implementation cost but does provide \$576,450 for fiscal year 2019-20 and \$562,900 for fiscal year 2020-21. This amount corresponds to the 8.8 FTE cost of this bill but does not provide for the 8.8 positions. In order for the division to apply those funds appropriately they would need to be accompanied by the allocation of the 8.8 positions.

Long-Range Fiscal Implications

The long-range fiscal impact would be \$562,900 (\$507,700 FTE, \$55,200 mailing).

The long-range fiscal impact for WSP would be \$2,437,344 in FTE costs and at a 90 % conviction rate, \$1,616,629 in unpaid storage and towing costs. Local law enforcement would have \$26,473,824 in FTE costs and at a 90% conviction rate, \$19,598,033 in unpaid storage and towing costs.

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description penalties for violations related to the motor vehicle liability insurance requirement, proof of financial responsibility, requirements for registering motor vehicles, operating a vehicle without an operator's license or after suspension or revocation of an operating privilege, making an appropriation, and providing a penalty		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): IT costs to implement this new insurance process is approximately \$295,000. The total IT development effort involved in addressing the new requirements related to vehicle registration eligibility is approximately \$800,725.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$2,945,044	\$
(FTE Position Changes)	(30.5 FTE)	
State Operations - Other Costs	1,671,829	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$4,616,873	\$
B. State Costs by Source of Funds		
GPR	4,053,973	
FED		
PRO/PRS		
SEG/SEG-S (20.395(5)(cq))	562,900	
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 (20.395(5)(cq))	3,838,000	
TOTAL State Revenues	\$3,838,000	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$4,616,873	\$46,071,857
NET CHANGE IN REVENUE	\$3,838,000	\$

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