



## Legislative Fiscal Bureau

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October 19, 2021

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 481/Senate Bill 492: Motor Vehicle Fleet Registration

Assembly Bill (AB) 481 was introduced on July 26, 2021, and referred to the Assembly Committee on Transportation. A public hearing was held on the bill on August 31, 2021. The Committee recommended adoption of the bill on October 5, 2021, on a vote of 11 to 0. On October 14, the bill was referred to the Joint Committee on Finance.

Senate Bill (SB) 492 (a companion to AB 481), was introduced on August 5, 2021, and referred to the Senate Committee on Transportation and Local Government. A public hearing was held on the bill on September 7, 2021. The Committee recommended passage of the bill on September 22, 2021, on a vote of 5 to 0. On October 14, the bill was referred to the Joint Committee on Finance.

### **SUMMARY OF THE BILLS**

Under the bills, the owner of a fleet of 10 or more vehicles that are automobiles or motor trucks with a gross weight of not more than 8,000 pounds may upon application register the vehicles as fleet vehicles. Upon receipt of an application and the initial registration fees, the Department of Transportation (DOT) would be required to issue registration plates of a distinctive design with the word "Fleet" embossed on the plate for all of the vehicles in the fleet. DOT would not be allowed to require the placement of an annual registration decal on the fleet registration plates and the Department would have to provide, to the extent feasible, the same registration expiration date for each vehicle in a fleet. The bills would provide that a vehicle may be registered as part of a fleet regardless of whether, at the time of application for the initial registration of the fleet, the vehicle is currently registered with the Department.

Fleet vehicles would be required to be registered annually at the regular annual fee for the type of vehicle (\$85 to \$106). In addition to the annual registration fee, the Department would have the authority to charge an initial issuance fee of \$8.50 for the initial registration of each vehicle registered as part of a fleet. DOT would be required to establish a system by which the registration of a fleet of vehicles may be renewed by electronic means and the fleet owner would be required to renew the registration of their fleet of vehicles using that system.

The bills would increase DOT's vehicle registration, inspection and maintenance, driver licensing and aircraft registration, operations appropriation for fiscal year 2021-22 and 2022-23 by \$85,000 for the purposes for which the appropriation is made.

The bills would also require that fleet plate issuance fee revenues would be deposited to the transportation fund. The bills would first take effect on the first day of the ninth month beginning after publication.

During testimony given at the public hearing on AB 481, a rental company with a fleet of vehicles indicated that, under current law, the company faces the administrative burden of having to track down each vehicle in their rental fleet and attach an annual sticker to the vehicle. The company indicated that it has been working with DOT to develop the solution provided under AB 481, which would eliminate this burden, create a more efficient system for registering these vehicles, and reduce the risk that rental customers would experience an inconvenient stop for an expired plate.

## **FISCAL ESTIMATE**

In its fiscal estimate to the bill, DOT indicates that the cost to the Department of producing and mailing the fleet plate required under the bill would be \$8.50. The bill would provide for an \$8.50 issuance fee for each fleet plate to cover the cost of manufacturing and mailing the plates. DOT indicates that it anticipates the issuance of 10,000 fleet plates per year in the first two years in which the plates are available, with the number of plates issued each year thereafter declining dramatically as vehicle fleets finish their transition. As a result, it is estimated that the bill would result in \$85,000 in revenue per year during the first two years. The bills would also provide a corresponding increase expenditures of \$85,000 to DOT's vehicle registration, inspection and maintenance, driver licensing and aircraft registration, operations appropriation to cover the costs of the fleet plates.

The bills would eliminate the need to issue annual stickers upon renewal of the vehicle registration. According to DOT, annual stickers costs \$0.051 each and are distributed to fleets in bulk. Assuming there are 10,000 fleet plates issued each year for the first two years, DOT may see a very small cost decrease of \$1,000 or less associated with fewer stickers needed. DOT also anticipates some postage cost savings due to fewer stickers being required to be mailed. However, the Department notes it is unknown how many existing fleets might switch to non-sticker plates.

The provisions of the bills would first take effect on the first day of the ninth month beginning after publication. Given this effective date, no fleet plates would be issued in 2021-22, but rather the first two years in which the bill's would have the most impact would be 2022-23, and 2023-24. Therefore, the bill could be amended to increase DOT's appropriation by \$85,000 in 2022-23 only. This funding would then increase the base level funding for the 2023-25 biennium by \$85,000 annually, which would provide the funding needed to issue the fleet plates in 2023-24.

Prepared by: Al Runde