



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #675

Eliminate License Plate Stickers (DOT -- Motor Vehicles)

[LFB 2011-13 Budget Summary: Page 448, #3]

CURRENT LAW

The year and month of the expiration of a vehicle registration is displayed on the vehicle's license plates using stickers. The Department issues a new year sticker upon registration renewal. For vehicles registered on the basis of weight, the Department also affixes a sticker to the rear plate indicating the weight class for which the vehicle is registered, designated by a letter. The Department purchases license plates and the stickers from Badger State Industries, a program operated by the Department of Corrections to give inmates work experience.

GOVERNOR

Reduce funding by \$266,000 SEG in 2011-12 and \$532,000 SEG in 2012-13 to reflect savings associated with eliminating requirements, as summarized below, for the issuance and display of license plate stickers indicating the period of registration and expiration date, and for certain vehicles, the weight class of the vehicle, or other specific identifiers.

Eliminate the requirement that license plates display the period for which the specific plate is issued or the date of expiration of the registration, and the requirement that plates issued for certain vehicles registered on the basis of gross weight display the weight class into which the vehicle falls (the weight class would continue to be shown on the certificate of registration). Eliminate a specific requirement, with respect to the registration of automobiles, that the license plate display both a three-letter abbreviation for the month of registration and the year of registration. Eliminate a provision that permits the Department to issue a sticker as evidence of registration upon renewal in lieu of issuing a new plate, and instead specify that the Department is not required to issue a new plate upon registration renewal. Eliminate a requirement that

vehicles registered specifically for use by persons issued a special restricted driver's license be issued a license plate with a tag, decal, or other identification indicating the restricted nature of the allowable operation and specify, instead, that such registrations be indicated on the certificate of registration for the vehicle.

Modify the definition of "unregistered motor vehicle" in provisions related to the removal of such vehicles by law enforcement officers to eliminate references to "valid registration plates" and "evidence of registration" and, instead, specify that an unregistered vehicle is one which does not have a registration plate for which the Department's vehicle registration records indicate valid registration. Modify various other statutory provisions to eliminate references to license plate stickers and decals.

Specify that these provisions would take effect on the first day of the seventh month beginning after the general effective date of the bill and would first apply to applications for registration or registration renewal received on that day.

DISCUSSION POINTS

1. The savings associated with this item reflect a reduction in the cost to purchase and mail registration period stickers for all license plates and the cost to produce and affix vehicle weight stickers for vehicles registered on the basis of weight. Upon enactment, the Department would continue to purchase stickers from Badger State Industries for approximately the first six months of the fiscal year, to allow the inventory existing on the date of passage to be used. After that time, no stickers would be purchased. The elimination of the statutory requirement to display license plate stickers would take effect on the first day of the seventh month beginning after publication of the bill.

2. Although license plates would no longer display the date of expiration or weight class (for vehicles registered by weight), this information would continue to be recorded in the Department's vehicle database, which can be accessed electronically by law enforcement officers.

3. Although law enforcement officers can check current registration information using the license plate number, it would be impractical to check enough license plate numbers to match the level of compliance verification offered by the visual inspection of stickers.

4. Some law enforcement agencies use cameras with license plate recognition technology that allows license plate numbers to be checked automatically for registration compliance. Widespread use of this technology could improve enforcement of vehicle registration requirements, and make the use of plate stickers less necessary. However, most law enforcement agencies in the state, including the State Patrol, do not currently use this technology.

5. A similar initiative to eliminate license plate stickers was proposed in the 2009-11 budget bill submitted by the Governor, but was removed from the bill by the Joint Committee on Finance. In response to the proposal, some law enforcement agencies expressed opposition because

of the difficulties it would create in enforcing vehicle registration requirements. At least one law enforcement agency, however, expressed support, noting that responding to reports of the theft of registration stickers consumes considerable law enforcement effort. Without the sticker requirement, it was presumed that more law enforcement effort could be directed to other, more serious offenses.

6. The fact that license plate sticker theft is considered a problem indicates that there is some level of registration evasion, although requiring plate stickers alone does not prevent such evasion. The Department conducted a series of parking lot surveys in the 1990s that suggested that between 3% and 4% of vehicles were not properly registered. A few changes have occurred since then that may affect that noncompliance rate, such as more stringent requirements related to temporary license plates, but even if just 1% of automobiles and light trucks are unregistered, the state transportation fund would be losing about \$3.4 million per year.

7. Noncompliance with registration requirements would have to increase by a relatively small percentage to result in annual revenue losses exceeding the annualized savings associated with eliminating the stickers. The \$532,000 savings in 2012-13 (the first full year after the sticker requirement would be eliminated) is equivalent to the registration fees paid by about 6,900 vehicles, or about 0.16% of the total number registered. Furthermore, elimination of weight class stickers for light trucks could make registration underpayment more prevalent. That is, without the "A", "B", and "C" stickers indicating weight class, some trucks may be registered at a lower gross weight class than is required by their vehicle weight and loading. To illustrate the potential magnitude of this effect, if 5% of Class B trucks were to be registered as a Class A truck because of the elimination of the stickers and 5% of Class C trucks were registered as a Class B truck, registration revenues would decline by about \$380,000.

8. Although, as the previous point illustrates, the savings associated with eliminating the use of license plate stickers could be offset by a revenue loss resulting from an increase in registration noncompliance, the actual amount of revenue loss that would occur, if any, is not known. The bill does not reflect a transportation fund revenue loss resulting from an increase in registration evasion, so, formally, the effect of this provision on the transportation fund condition statement, as submitted by the Department of Administration, is due entirely to the savings from the elimination of sticker costs. However, if the provision were to result in a revenue loss, the net "positive" impact on the fund balance would be less, and if the loss is substantial enough, the net impact could be negative. Nevertheless, since no revenue loss is assumed in the administration's fund condition statement, elimination of this provision would decrease the transportation fund balance by \$798,000, relative to that fund condition statement.

ALTERNATIVES

1. Approve the Governor's recommendation to decrease funding for the Division of Motor Vehicles by \$266,000 in 2011-12 and \$532,000 in 2012-13 for costs related to license plate stickers, and eliminate the requirement that stickers indicating a vehicle's registration expiration date

and weight class, if applicable, be displayed on license plates.

2. Delete provision. Restore \$266,000 in 2011-12 and \$532,000 in 2012-13 for the Division of Motor Vehicles to reflect the retention of current law license plate sticker requirements.

ALT 2	Change to Bill
	Funding
SEG	\$798,000

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