



Legislative Fiscal Bureau

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May 3, 2011

Joint Committee on Finance

Paper #676

Class D Skills Test Fee (DOT -- Motor Vehicles)

[LFB 2011-13 Budget Summary: Page 450, #6]

CURRENT LAW

In most cases, a person applying for an original probationary license or regular driver's license for the operation of a passenger vehicle ("Class D" license) must take a skills test, administered by the Division of Motor Vehicles. The payment of a \$15 fee entitles the applicant to take up to three tests. If the applicant fails those three tests, the applicant must pay an additional \$15 fee for each subsequent three tests.

GOVERNOR

Reduce the number of tests that a person who pays the first \$15 fee for a Class D driver's license skills test is entitled to take from three to two, and for each subsequent \$15 fee from three to one, first applying to skills test fees paid on the general effective date of the bill. Reduce funding by \$24,700 SEG and delete 0.4 SEG positions annually to reflect anticipated savings resulting from this change.

DISCUSSION POINTS

1. The Department included the proposed change to the skills test fee policy in response to a budget request directive to achieve permanent cost savings. Based on the assumption that applicants would be more likely to be prepared to take the skills test, knowing that the failure of two tests would require the payment of an additional fee, the Department projects that the total number of skills tests administered would decline. Specifically, it is estimated that the number of skills tests administered for third and subsequent attempts would decline by about one-third, allowing for a reduction of 0.40 positions and \$24,700 annually.

2. Currently, the Department indicates that about 6% of applicants fail the first two skills tests, and must take it at least one more time. Under the Department's assumptions, one-third of these applicants would pass either the first or second test if there was a \$15 fee for taking the test a third time. Therefore, the number of applicants who take a third (or subsequent) test would decline, but those who do would be required to pay an additional \$15 fee that they are not required to pay under current law. Although this change would generate an increase in estimated transportation fund revenue of \$40,000 annually, the bill does not reflect this revenue. If the Committee decides to approve the Governor's recommendation with respect to the Class D skills test fee, this revenue increase should be reflected in the transportation fund condition statement [Alternative #1].

3. One alternative would be to require the applicant for a Class D license to pay a \$15 fee for each test taken, on the grounds that the Division of Motor Vehicles incurs roughly the same costs for each test administered, regardless of whether the applicant passes or fails. In addition, if it is assumed that there would be savings and additional revenue associated with limiting the applicant to two tests for the first \$15 fee paid, it is probable that limiting the number of tests to one for each \$15 fee would generate additional savings and revenue. If it is assumed that the number of second tests administered declines by 5%, it is estimated that this change would allow for an additional funding reduction of \$11,200 and 0.18 positions annually, and would increase transportation fund revenue by an additional \$277,300 annually [Alternative #2].

4. An argument could be made against the alternative presented in the previous point on the grounds that license applicants who take a skills test after the effective date of the bill would be treated substantially differently than applicants who took the test prior to that date. In addition, charging a fee for each test would increase the financial burden on license applicants who fail the first test. Rather than pay an additional fee to retake the test, some applicants may decide to drive without being licensed.

ALTERNATIVES

1. Approve the Governor's recommendation to reduce the number of Class D skills tests that can be taken for the first \$15 skills test fee from three to two, and to require an additional \$15 fee to be paid for each subsequent test. Reduce funding by \$24,700 and delete 0.40 positions annually. In addition, increase estimated transportation fund revenue by \$40,000 annually.

ALT 1	Change to Bill Revenue
SEG	\$80,000

2. Modify the Governor's recommendation by requiring a license applicant to pay a \$15 fee for each Class D skills test taken. Reduce funding by an additional \$11,200 annually and delete an additional 0.18 positions annually and increase estimated transportation fund revenue by

\$317,300 annually to reflect this change.

ALT 2	Change to Bill		
	Revenue	Funding	Positions
SEG	\$634,600	- \$22,400	- 0.18

3. Delete provision.

ALT 3	Change to Bill	
	Funding	Positions
SEG	\$49,400	0.40

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