

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-3667/1	Introduction Number AB-0432
Description construction and issuance of motor vehicle registration plates	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input 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 type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.410(1)(km)	
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Date 10/4/2021	

Fiscal Estimate Narratives

DOC 10/4/2021

LRB Number	21-3667/1	Introduction Number	AB-0432	Estimate Type	Original
Description construction and issuance of motor vehicle registration plates					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Department of Transportation (DOT) must establish new designs for plates at intervals determined by DOT. Subsequently, DOT must issue plates with the new design at the time determined by DOT. Plates may also be replaced upon application of a vehicle owner in the case of lost, destroyed, or illegible plates. Furthermore, standard plates issued on an annual or biennial basis and plates issued for motor trucks with a gross weight of not more than 8,000 pounds must be treated with a reflectorized material or substance. DOT must, in conjunction with the Department of Corrections (DOC) and the Department of Administration (DOA), establish the specifications for the reflectorized material and award a contract for supplying the materials through a competitive bidding process.

The bill requires that beginning with registrations effective February 1, 2022, plates which have not been renewed in the previous seven years must be replaced with new plates. According to the bill, the new plates issued by DOT must be constructed with aluminum plates and prismatic sheeting.

On average, each year from FY17-FY19, the Bureau of Correctional Enterprises (BCE) within the DOC produced 760,000 pairs of non-specialty license plates (auto and truck series). In addition, on average approximately 160,000 pairs of specialty auto and truck, semi-truck, trailer, and motorcycle license plates are produced by BCE annually. All plates are currently constructed using aluminum plating, therefore, the cost of aluminum would remain the same for new plates. Currently, BCE purchases retroreflective beaded license plate sheeting at \$0.82 to \$0.97 per square foot, depending on the color. State of Wisconsin license plate dimensions are 12"x6". At 12"x6" in dimension, one pair of license plates could be produced with 1 square foot of retroreflective beaded sheeting. If it is assumed that the BCE would continue to produce 760,000 pairs of non-specialty and 160,000 pairs of specialty license plates annually, the annual cost would range from \$754,400 at \$0.82 per square foot to \$892,400 to \$0.97 per square foot.

Under this bill, the retroreflective sheeting currently being used in the production of license plates does not meet the requirements of being prismatic. As of July 2021, prismatic sheeting is estimated to cost between \$1.30 and \$1.50 per square foot, depending on the color. This is 55-83% higher than what DOC is currently paying for retroreflective beaded sheeting. Using the same assumption that a pair of license plates can be produced from one square foot of sheeting and BCE would continue to produce 760,000 pairs of non-specialty and 160,000 pairs of specialty license plates annually but with prismatic sheeting, the annual cost would range from \$1,196,000 at \$1.30 per square foot to \$1,380,000 at \$1.50 per square foot. Using prismatic sheeting would increase the annual cost by \$441,600 on the low end and \$487,600 on the high end.

The above costs only reflect the increased costs of producing new license plates at the rate BCE is currently producing them. According to the bill, plates that are seven years or older also need to be replaced and thus, considered in this estimate. In addition to the increased sheeting costs from retroreflective to prismatic sheeting for the existing number of plates being produced, additional aluminum plating, validation stickers, envelopes, worker labor, employee labor, logistics and other miscellaneous costs (paint, screen printing for some specialty plates, machine repair, gloves, and ink and toner) will need to be considered.

The number of plates seven years or older is unknown, therefore, this estimate will discuss these additional plates in terms of cost per 100,000 pairs of plates in need of replacement due to age. The cost increase to move from retroreflective beaded sheeting to prismatic sheeting using the above prices would amount to approximately \$50,500 per 100,000 replacement plates per year (each motor vehicle receives two plates). Currently, BCE produces approximately seven million validation stickers per year. The cost would remain the same if the number of renewal stickers remained the same as in previous years, however, month-validation stickers for the replacement plates would also need to be considered as each replacement plate requires both a month and year sticker (all renewals would already be receiving a new year-validation sticker). Additional month-validation stickers for automobiles, trucks, and motorcycles would cost approximately \$5,200 per 100,000 pairs of replacement plates per year while for semi-trucks and trailers (whose validation stickers are replaced both quarterly and annually) it would cost approximately \$10,000 per 100,000 pairs of replacement

plates per year.

Additional aluminum sheeting would cost approximately \$36,000 per 100,000 pairs of replacement plates per year. BCE also places license plates and validation stickers in envelopes prior to sending them to DOT for distribution (envelopes are not discussed in pairs as each pair of plates are placed in one envelope). Envelopes for automobile and truck license plates would cost approximately \$11,000 per 100,000 replacement plates per year. Envelopes for motorcycles would cost approximately \$8,500 per 100,000 replacement plates per year. Envelopes for the validation stickers would be \$1,300 per 100,000 replacement plates per year. Finally, miscellaneous expenses for items such as paint, mechanic supplies/machine repairs, gloves, tape, ink and toner, uniforms, etc. would cost approximately \$43,500 per 100,000 pairs of replacement plates per year. It should also be noted with the increased production of plates as a result of the replacement plates that would be required under this bill, this would cause more wear-and-tear on the current metal stamping equipment.

With the increased production from the BCE metal stamping industry, equipment and staffing costs need to be considered. Staffing costs would also increase with the increase in production as the current schedule would not be able to accommodate the influx of replacement license plates with the prismatic sheeting. At this time, the BCE metal stamping industry employs three DOC employees—one supervisor, one specialist, and one superintendent—and between 30-35 BCE persons in our care (PIOC) workers. Without knowing the number of plates that are seven years or older, this estimate assumes that the number of BCE FTE and PIOC workers would double to account for the influx of replacement plates. BCE currently employs a Correctional Enterprises Supervisor, a Correctional Enterprises Specialist-Senior, and a Correctional Enterprises Superintendent. In total, adding these three positions to produce two times the amount of plates currently being produced by BCE would equal \$268,500 PR per year. These positions would be supervising between 30-35 BCE workers across four teams. In FY20, BCE spent \$40,400 on salaries for its metal stamping PIOC workers. Doubling the number of BCE PIOC workers to account for the influx of replacement plates would add an additional \$40,400 per year.

For the DOC to use prismatic sheeting in the production of license plates, it would cost approximately \$464,600, on average per year, or 56% above what the DOC currently pays for retroreflective beaded sheeting. Additional costs for replacement plates for plates seven years or older include validation stickers, aluminum plates, envelopes, and other miscellaneous materials and services and would cost approximately \$166,000 per year for each 100,000 pairs of plates. Finally, assuming that BCE needs to produce double the number of plates currently being produced to account for the influx of replacement plates, the additional staffing needed for both BCE FTE and PIOC workers would cost approximately \$308,900PR on an annualized basis.

As noted above, the impact to the state would be an increase to an existing appropriation which the Department will be unable to absorb into its budget.

Long-Range Fiscal Implications