



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 7, 2009

Joint Committee on Finance

Paper #560

Second Endangered Resource License Plate (DNR -- Fish, Wildlife, and Recreation)

[LFB 2009-11 Budget Summary: Page 461, #1]

CURRENT LAW

The endangered resources account of the conservation fund is supported by two main sources of revenue, a voluntary income tax check-off program and an endangered resources license plate. In addition, check-off revenues and other donations are statutorily matched up to \$500,000 annually from general purpose revenues (GPR).

1993 Act 415 created the endangered resources license plate (which depicts a timber wolf and rising moon) that became available starting January 1, 1995. The fee for the license plate is \$25, in addition to the regular vehicle registration fee (\$75 for automobiles), plus a \$15 issuance fee. Revenue from the \$25 annual fee (in excess of an initial production cost paid to DOT when the plate was created) is credited to the endangered resources account. In 2007-08, endangered resources license plates generated approximately \$411,000 (approximately 16,400 currently registered endangered resources plates). Through December, 2008, \$191,000 was generated by the plates in fiscal year 2008-09, bringing the total revenue generated by plate sales since their introduction to over \$7.7 million.

The endangered resources license plate is among a number of special license plates available from the Wisconsin Department of Transportation (DOT). The \$25 annual fee for the endangered resources and other special plates, is generally tax deductible as a charitable contribution. The design of a special plate is statutorily required to be as similar as possible to regular registration plates in color and design.

GOVERNOR

Authorize the creation of a second endangered resources license plate effective seven months after publication of the bill. Specify that the fees charged for the second plate are the same as for the existing endangered resources plate. In addition, specify that the words or symbols used on the second plate must be different from the existing license plate and the new design must cover the entire license plate. Further, specify that the second endangered resources plate may only be issued by the Department of Transportation (DOT) if DOT purchases the plates from the state of Minnesota.

DISCUSSION POINTS

1. As tax check-offs have been created for a greater number of causes, and as the number of special license plates available has increased, revenues to the endangered resources account from both tax check-offs and the special endangered resources license plate have declined. Tax check-off revenues declined from a fiscal year 2001-02 high of approximately \$675,000 to less than \$400,000 in 2007-08. Meanwhile, revenues from the endangered resources plate declined from a high of approximately \$633,000 (approximately 25,000 plates) in fiscal year 1998-99 to \$411,000 in fiscal year 2007-08 (16,400 plates). Therefore, DNR has been exploring additional sources of funding to the endangered resources account, such as a second endangered resources license plate.

2. Under the bill, the fee for the second endangered license plate would be the same as the fee for the wolf plate: the regular registration fee (\$75 for automobiles), plus a \$15 issuance fee (credited to the transportation fund) and an annual \$25 fee. Revenues from the \$25 annual fee in excess of the initial \$23,500 (credited to the transportation fund) would be deposited in the endangered resources account of the conservation fund. The fee would be tax deductible as a charitable contribution. The bill would require the word or symbol used on the endangered resources plate be different from the word or symbol used on the wolf plate, and would require the design to cover the entire plate.

3. The bill would require DOT to purchase the second endangered resources plates from the state of Minnesota. Currently, Minnesota employs flat-plate technology, which enables the license plate to display a full-plate design at a lower cost than producing a full-plate design using the embossed technology available in Wisconsin. The plates would be purchased from Minnesota because that state's Department of Correction's license plate production facilities, unlike Wisconsin's, have the capability to use this process. Minnesota currently offers two "critical habitat" license plates (a loon plate and a deer plate). The plates are sold at a cost of \$30 (in addition to regular registration fees and a \$10 issuance fee) and generate approximately \$3,000,000 annually (approximately 100,000 vehicles). Revenues from the license plates fund a land acquisition program similar to the Warren Knowles-Gaylord Nelson Stewardship program in Wisconsin. The loon plate accounts for approximately \$2.25 million of the revenue (or approximately 75% of license plate sales).

4. DNR estimates that the full plate design of the new endangered resources plate

would appeal to a broader range of customers than the current plate. The Department estimates that the second endangered resources license plate would result in additional revenue to the endangered resources account of the conservation fund of approximately \$964,000 annually as shown in the table below.

**Estimated Additional Revenue After Introduction of a
Second Endangered Resources License Plate**

	FY 2007-08 <u>Plate Sales</u>	FY 2007-08 <u>Revenue</u>	Plate Sales after Introduction of <u>Second Plate</u>	Annual Revenue After Introduction of <u>Second Plate</u>	<u>Difference</u>
Wolf Plate	16,400	\$411,000	8,200	\$205,000	-\$206,000
Second Endangered Resources Plate	<u>0</u>	<u>0</u>	<u>46,800</u>	<u>1,170,000</u>	<u>\$1,170,000</u>
Total	16,400	\$411,000	55,000	\$1,375,000	\$964,000

5. As shown in the table, DNR estimates that, after introduction of the second endangered resources license plate, the total number of Wisconsin vehicles with endangered resources license plates (the wolf plate and the second plate) would be approximately 55,000 annually (approximately 75% of annual Minnesota loon plate sales). DNR estimates that of the 55,000 total endangered resources plates, 46,800 would be new plates. This assumes that half of the approximately 16,400 current wolf plate holders would switch to the new endangered resources plate, while half would keep the current wolf plate and 38,600 standard plate holders would switch to the new plate.

6. While the Wisconsin wolf plates are used to fund the endangered resources program, the Minnesota critical habitat plates are used to fund a stewardship program. Through the program, the Minnesota DNR has acquired approximately 9,000 acres of land designated as state wildlife management areas, state forests, aquatic management areas, or scientific and natural areas, of which approximately 7,000 acres are open to public hunting. It could be argued that these license plates may appeal to a greater number of conservation and outdoor recreation enthusiasts than the Wisconsin wolf plates which are used solely to fund the endangered resources program. Further, the actual design of the new license plate and its appeal to Wisconsin residents may play a significant role in sales volume. In addition, current economic conditions may be having a negative effect on special plate sales in general. Therefore, the number of standard license plate holders switching to the new endangered resources license plate is difficult to estimate. At its peak, wolf plate sales reached approximately 25,000 annually. If 25,000 total endangered resources plates (16,400 current and 8,600 new plates) were sold annually, increased revenues to the endangered resources account would be estimated at approximately \$215,000 annually.

7. The cost of producing a set of Minnesota critical habitat plates is currently \$6.17 while the cost of producing a set of the Wisconsin wolf plates is \$6.05, a difference of 12¢ per set. Minnesota mailing costs are estimated at approximately \$1.06 while Wisconsin mailing costs are

estimated at \$0.50, which would result in increased costs for Wisconsin DOT. However, under the bill, the \$15 issuance fee for each license plate would be credited to the transportation fund (as well as the first \$23,500 of revenues from the \$25 endangered resources plate fee for initial production costs).

8. Purchasing the second endangered resources license plate from Minnesota rather than the Wisconsin Department of Corrections (DOC) would have an impact on revenue to Wisconsin DOC. However, the current endangered resources license plate accounts for only approximately 0.15% of license plates manufactured by DOC annually. The Wisconsin Department of Corrections is currently considering the possibility of exploring new license plate technologies, and may one day invest in flat-plate technology. An alternative could be to specify that if this occurred, the Wisconsin Department of Transportation could purchase the second endangered resources license plate from Wisconsin DOC rather than the state of Minnesota (Alternative 2).

9. If the second endangered resources plate is not approved (Alternative 3), endangered resources account revenue from current income tax-checkoff and the current endangered resources license plate would be expected to decline. Endangered Resources program staff expect tax check-offs in tax year 2008 (fiscal year 2009-10) to generate approximately \$360,000 and endangered resources plates to generate approximately \$380,000 in fiscal year 2008-09.

ALTERNATIVES

1. Adopt the Governor's recommendation to authorize a second endangered resources license plate.

2. Adopt the Governor's recommendation. In addition, specify that if the Wisconsin Department of Corrections has flat-plate technology available for use in manufacturing license plates that would produce the plates at comparable quality and costs, Wisconsin DOT would purchase the second endangered resources license plates from the Wisconsin DOC.

3. Maintain current law. The current endangered resources license plate (wolf plate) would remain available.

Prepared by: Erin Rushmer