



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #786

Single License Plate and Eliminate License Plate Stickers (DOT -- Motor Vehicles)

[LFB 2009-11 Budget Summary: Page 632, #2 & #3]

CURRENT LAW

Upon payment of a vehicle registration fee, the Department of Transportation issues two license plates for most vehicle types and stickers indicating the month and year of expiration. For vehicles for which two plates are issued, the stickers are to be affixed to the plate displayed on the rear of the vehicle. 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.

GOVERNOR

Single License Plate. Reduce funding by \$318,000 SEG in 2009-10 and \$477,000 SEG in 2010-11 to reflect statutory modifications, summarized below, that would eliminate the requirement that the Department issue two license plates for most types of vehicles.

Eliminate the requirement for the production, issuance, and display of two license plates for each automobile, motor truck, motor bus, school bus, motor home, or dual purpose motor home. Specify, instead, that the Department shall issue one plate for these vehicles. Specify that the owner of a vehicle for which two registration plates were issued before the effective date of the bill may remove and destroy one plate from the vehicle, but is not required to do so until the Department issues a new plate for the vehicle. Specify that if the owner removes and destroys one plate, the plate removed may not display a registration decal or tag and the remaining plate must comply with display requirements, which are generally that the plate must be attached on the rear of the vehicle. Specify that these provisions would first apply to license plates issued on the first day of the seventh month beginning after publication of the budget act.

Eliminate License Plate Stickers. Delete \$532,000 SEG in 2010-11 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 be designed to show the period for which the plate is issued and, for vehicles registered on the basis of gross weight, the weight class into which the vehicle falls (the weight class would, instead, be shown on the certificate of registration). Eliminate a specific requirement, with respect to the registration of automobiles, that the license plate display a three-letter abbreviation for the month of registration and 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 as a specifically designed vehicle 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 restrictions be indicated on the certificate of title 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 plate" 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 statutory provisions to eliminate references to such stickers and decals.

Specify that these provisions would take effect on the first day of the seventh month beginning after publication of the budget act and would first apply to applications for registration or registration renewal received on that day.

DISCUSSION POINTS

1. The savings associated with eliminating the front license plate and license plate stickers are due to lower production costs. Depending upon the type of plate, producing a single plate instead of two plates reduces the cost per vehicle by about 25% to 30%, a savings of between \$1 and \$2 per plate set. Production of the license plate stickers would be eliminated entirely, with a savings of between five and 15 cents each, depending upon the type of sticker.

2. The following 19 states currently issue only one license plate per vehicle:

Alabama	Georgia	Michigan	Pennsylvania
Arizona	Indiana	Mississippi	South Carolina
Arkansas	Kansas	New Mexico	Tennessee
Delaware	Kentucky	North Carolina	West Virginia
Florida	Louisiana	Oklahoma	

3. License plates are evidence of initial payment of the vehicle registration fee, but are also used for identifying a vehicle. Law enforcement officers may use the Department of Transportation's vehicle database, either with an in-vehicle computer or through a dispatcher, to identify the owner of a vehicle and determine whether the vehicle is properly registered. In some circumstances, only the front of the vehicle may be visible to the law enforcement officers. However, if no front license plate is displayed, identification of the vehicle may be difficult or impossible in these cases. For this reason, many law enforcement associations favor maintaining two license plates.

4. In public testimony before the Committee on AB 75, several convenience store owners also expressed opposition to the elimination of the front license plate. They argued that a station employee's ability to identify vehicles using the front plate deters customers from driving away without paying for fuel, or allows the perpetrator's vehicle to be subsequently tracked by law enforcement.

5. Although law enforcement officers and associations are generally in favor of maintaining two license plates, the fact that nearly two-fifths of the states have a long-standing policy of issuing only one plate may indicate that the potential disadvantages are not significant enough to justify the additional expense of issuing two plates in those states.

6. One of the potential unintended consequences of eliminating the requirement to display two license plates, and one that would not be an issue for states that have a long-standing policy of issuing only one plate, is that owners of vehicles that currently have two plates could, after the effective date, use the front license plate on a previously unregistered vehicle in an attempt to evade registration requirements. The bill would not require owners of currently-registered vehicles with two plates to remove the front plate, but it would require the front plate to be destroyed if it is removed. However, there would be no practical way of enforcing this requirement or ensuring that front plates are not removed and placed on unregistered vehicles. It is difficult to project the extent of this practice, but to the extent that it increases vehicle registration fraud, transportation fund revenues would decline.

7. The elimination of two plates could also reduce demand for special license plates and personalized plates, which, in turn, would reduce transportation fund revenues associated with the issuance and maintenance fees associated with those plates. Since vehicle owners who purchase these plates may be more likely to desire two plates, one alternative would be to continue issuing two plates for these plate types. To avoid creating an inconsistent enforcement standard, however, the applicant for special or personalized plates would not be required to display both plates. [Although, it should be noted that this policy could increase the possibility of fraud discussed in the previous point.] The Department indicates that maintaining two-plate sets for certain types of plates would change the per-plate set rates paid by the Department for these types (higher than the current rate because of the overall plate volume reduction) and would result in higher mailing costs for those plates since, being a different weight, they could not be mailed with the same bulk rate as for single plates. Taking these factors into consideration, it is estimated that maintaining two plates for personalized and special license plates would reduce the savings associated with the single license

plate initiative by \$96,100 in 2009-10 and \$125,000 in 2010-11. [Alternative #A2]

8. While license plates are evidence of initial vehicle registration, license plate stickers are used as evidence of regular registration renewal. The bill would eliminate the issuance of year and month license plate stickers, as well as the stickers indicating the registration weight class, and stickers for specially designed vehicles (typically a low-speed, homemade or modified vehicle that requires special approval by the Department). Without stickers, law enforcement officers would have to confirm valid registration using the Department's vehicle database, accessed either through an in-vehicle computer or via a dispatcher.

9. For vehicles registered on the basis of weight, the bill would require that the weight class be indicated on the vehicle's certificate of registration. For vehicles registered as a specially designed vehicle, the bill would require that this registration category be indicated on the vehicle's certificate of title. The Department indicates, however, that the intent was to indicate the registration category on the certificate of registration instead of the title. There are currently three of these vehicles registered in Wisconsin. If the Committee adopted the Governor's recommendation, this change could be made to meet the Governor's intent.

10. Although the statutory changes eliminating the required issuance and display of these stickers would take effect in the seventh month after the general effective date of the bill, the Department notes that since Badger State Industries, which produces the stickers, purchases the raw materials in the prior year, the stickers would continue to be used throughout 2009-10, or until the existing inventory is exhausted. Consequently, the savings associated with the change would not accrue until 2010-11.

11. Although many law enforcement officers now have access to mobile data computers that may be used to check for valid registration, it would be impractical to check enough license plate numbers to match the level of compliance verification offered by the visual inspection of stickers. For this reason, some law enforcement officers have expressed opposition to the elimination of license plate stickers.

12. The Department notes that some law enforcement officers are in favor of eliminating the stickers, or at least not opposed to it, because of the significant amount of time spent investigating license plate sticker theft, particularly in the City of Milwaukee. The elimination of the requirement to display the stickers could reduce theft (unless current sticker thieves resort to stealing entire plates), which would free law enforcement resources for other purposes.

13. 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 license plate display requirements, but even at a 1% noncompliance rate among automobiles and light trucks, the state transportation fund would lose revenues of about \$3.6 million per year.

14. Noncompliance with registration requirements would have to increase by a relatively small percentage to result in revenue losses exceeding the savings associated with eliminating the stickers. The 2010-11 savings of \$532,000 is equivalent to the registration fees paid by about 6,900 automobiles and light trucks, or about 0.15% of the total number registered. Furthermore, the potential increase in registration evasion is not the only source of possible revenue loss. Elimination of weight class stickers for light trucks may make registration under-payment more prevalent. That is, without the "A", "B", and "C" stickers indicating weight class, more trucks may register 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 (4,500 pounds to 6,000 pounds) were to register instead as a class A truck because of the elimination of the stickers, and 5% of Class C trucks would register as class B trucks, registration revenues would decline by about \$390,000.

15. New Jersey eliminated license plate stickers in 2004 and is currently the only state that has adopted the policy. New Jersey motor vehicle agency personnel indicate that they believe the policy has not resulted in a substantial decrease in vehicle registration compliance. However, it should be noted that it may be difficult to detect the relatively slight decrease in registration compliance that would have to occur to offset the savings from eliminating stickers. Furthermore, while New Jersey does not require license plate stickers, it does issue color-coded windshield stickers indicating that the vehicle has passed biennial vehicle emissions and safety inspections. Since proper registration is a requirement to pass these inspections, the stickers provide visual evidence of registration compliance at least every other year.

16. Although the single license plate and license plate sticker issues are presented together in this paper, the Committee could decide to accept the Governor's recommendations related to one, both, or neither.

ALTERNATIVES

A. Single License Plate

1. Adopt the Governor's recommendation to reduce funding by \$318,000 SEG in 2009-10 and \$477,000 SEG in 2010-11 to reflect the elimination of the requirement that the Department issue two license plates for most types of vehicles.

2. Modify the Governor's recommendation by requiring the Department to continue to issue two plates for personalized license plates and special license plates (the proposed requirement to display only one plate would be retained for these plate types). Provide \$96,100 SEG in 2009-10 and \$125,000 SEG in 2010-11 to reflect a reduction in the savings associated with maintaining two-plate sets for these types of plates.

ALT A2	Change to Bill Funding
SEG	\$221,100

3. Delete provision.

ALT A3	Change to Bill
	Funding
SEG	\$795,000

B. License Plate Stickers

1. Adopt the Governor's recommendation to delete \$532,000 SEG in 2010-11 to reflect savings associated with license plate stickers for year and month of registration expiration, registration weight class, and specially designed vehicles, with a modification to specify that the specially designed vehicle registration category shall be indicated on the certificate of registration instead of on the certificate of title.

2. Delete provision.

ALT B2	Change to Bill
	Funding
SEG	\$532,000

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