



Legislative Fiscal Bureau

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

November 10, 2003

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 467: Providing Funding for the Division of Motor Vehicles for Additional Costs Associated with the Changes to the Traffic Violation and Registration Program Contained in Assembly Substitute Amendment 1 to Assembly Bill 419

Assembly Bill 467 was introduced on August 14, 2003, and referred to the Assembly Committee on Transportation. That Committee voted to recommend the bill for passage on September 11, 2003, on a vote of 13-1. On September 25, 2003, the bill was referred to the Joint Committee on Finance.

SUMMARY OF ASSEMBLY BILL 467

AB 467 would increase funding in the Division of Motor Vehicles' principal SEG appropriation by \$41,600 SEG in 2003-04 and \$60,200 SEG in 2004-05 for the purposes of increasing funding for DMV's traffic violation and registration program (TVRP). The amounts that the bill would provide are equal to the costs that the Department of Transportation estimates would be incurred within TVRP in the 2003-05 biennium with the passage of Assembly Substitute Amendment 1 to Assembly Bill 419. (A summary of ASA 1 to AB 419 is included below.) AB 467 would also decrease the base in DMV's appropriation by \$13,300 SEG for the purposes of the preparation of the 2005-07 biennial budget, so that the ongoing increase associated with the bill beginning in 2005-06 would be \$46,900, which is the amount that DOT estimates would be the ongoing cost associated with ASA 1 to AB 419. The provisions of AB 467 would take effect on February 1, 2004, or on the first day of the first month beginning after publication, whichever is later.

SUMMARY OF ASSEMBLY SUBSTITUTE AMENDMENT 1 TO ASSEMBLY BILL 419

Under current law, the traffic violation and registration program allows any local government, state agency, campus of the University of Wisconsin System, or technical college district (collectively referred to as an "authority" for the purposes of the program) to request that DOT either suspend the vehicle registration of any vehicle for which there is an outstanding, unpaid parking ticket or refuse to register other vehicles owned by the person who owns the vehicle with the unpaid ticket, or both. DOT takes the requested action until it receives a notification that the ticket has been paid or that the citation was otherwise settled. The requesting authority pays a fee to DOT, which is based on the cost of establishing and administering the program, for each request. The revenue from these fees is deposited in the transportation fund.

In cases where the vehicle is a rental or leased vehicle, the renter or lessee is responsible for paying the ticket and is subject to the vehicle registration sanctions under the program (only for other vehicles registered by the person). The person or business that owns the vehicle may also be subject to the vehicle registration sanctions (for the vehicle in question only) if the parking ticket remains unpaid. This person or business can avoid the sanctions by paying 50% of the ticket, which is refunded if the person who had rented or leased the vehicle subsequently pays the full amount of the ticket.

In order to make a request for vehicle registration suspension or registration refusal, an authority must follow certain prescribed steps. For instance, the authority must first send two notices to the last-known address of the vehicle owner that identify the amount of the unpaid ticket, how to pay the amount, and the consequences of not paying the ticket.

Assembly Substitute Amendment 1 to Assembly Bill 419 would modify the program to allow an authority to send a separate notice to DOT requesting that the Department take action under the program in cases where a person has not paid vehicle towing and storage charges associated with a parking violation. Under the provisions of the amendment, outstanding storage charges may not exceed 20 days of such storage. Provisions related to the required notices to the vehicle owner and the treatment of rental and leased vehicles would generally be the same with unpaid towing and storage fees as with the current provisions for unpaid parking tickets. Requests made to DOT under the program for unpaid towing and storage costs would be considered a separate transaction from any requests associated with an unpaid parking violation arising from the same incident. As such, the local authority would be required to pay the program fee for both requests. However, the substitute amendment would allow the parking enforcement authority to notify the vehicle owner of both incidents in the same notice.

Under the substitute amendment, these provisions would first apply to persons who incur towing or storage charges on February 1, 2004, or on the first day of the first month beginning after publication, whichever is later. The bill would be void, however, unless Assembly Bill 467 becomes law on or before the effective date of ASA 1 to AB 419.

FISCAL EFFECT

AB 467 provides funding for DMV's traffic violation and registration program equal to the costs that DOT estimates would be incurred if ASA 1 to AB 419 is passed, or \$41,600 in 2003-04 and \$60,200 in 2004-05. The Department's estimates, included in a supplemental fiscal estimate for the substitute amendment, assume that DOT would receive 30,000 requests under the program for unpaid towing and storage charges, on an annualized basis. The cost estimates were calculated assuming two levels of transaction costs for these additional requests. For the first eight months following the effective date of the bill (the final five months of 2003-04 and the first three months of 2004-05), the cost of processing requests related to unpaid towing and storage costs is assumed to be equal to the current transaction costs under the program. For the final nine months of 2004-05, the cost for each transaction is assumed to decline with the scheduled implementation of an automated system, which will allow some requests to be submitted electronically. Since the cost estimates for 2004-05 include some time in which all requests are assumed to require manual processing and some time in which the automated system is operational, the ongoing, annualized costs associated with the bill are expected to be lower than the amounts provided by AB 467 in 2004-05. Consequently, the bill includes a nonstatutory provision that lowers the ongoing appropriation base for the purposes of the preparation of the 2005-07 budget by \$13,300 to reflect the lower, annualized costs.

As noted above, under the traffic violation and registration program, parking enforcement authorities are required to pay a fee to DOT to cover the costs of establishing and administering the program. Currently the fee is \$5. Based on the estimated increase in transactions that would occur under ASA 1 to AB 419, the Department estimates that transportation fund revenue would increase by \$62,500 in 2003-04 and \$150,000 in 2004-05. Since these amounts exceed the funding increases provided by AB 467, the combined fiscal effect of both bills would be a net increase in the 2003-05 biennium-ending balance of the transportation fund of \$110,700.

Prepared by: Jon Dyck