



Legislative Fiscal Bureau

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October 26, 2011

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 215: Trailer and Semitrailer Registration

Senate Bill 215 was introduced on October 5, 2011, and referred to the Committee on Transportation and Elections. On October 18, 2011, that Committee adopted Senate Amendment 1 on a vote of 3 to 2, and recommended the bill for passage, as amended, on a vote of 3 to 2. On October 19, 2011, the bill was referred to the Joint Committee on Finance.

Summary of Senate Bill 215

Senate Bill 215 would create a new registration category for a trailer or semitrailer designed to be hauled by a motor vehicle other than a truck tractor and that is between 12,000 and 14,000 pounds. The annual fee for the registration of such a trailer or semitrailer would be established at one-half of the midpoint between the fee for a truck registered at 12,000 pounds (\$209) and a truck registered at 16,000 pounds (\$283), which would equal \$123. Under current law, a trailer or semitrailer having those characteristics would be registered in the 16,000 pound category, at an annual fee of \$283. The current law fee for a trailer or semitrailer registered at the 12,000-pound category equals one-half of the \$209 fee for a truck registered at 12,000 pounds, or \$104.50.

This provision would first apply to trailer and semitrailer registration applications received on the first day of the third month beginning after publication of the bill.

Summary of Senate Amendment 1 to SB 215

Senate Amendment 1 to SB 215 would change the fee for the proposed 14,000-pound registration category to the midpoint between the 12,000-pound truck fee and the 16,000-pound truck fee, instead of one-half of that amount. Under the current fee schedule, the fee under the amendment would be \$246.

Fiscal Effect

In its fiscal estimate for the bill, the Department of Transportation assumes that 25% of owners of trailers and semitrailers that are currently registered in the 12,000-pound category would upgrade to the new, 14,000-pound category, and 50% of owners of those currently registered in the 16,000-pound category would downgrade to the 14,000-pound category. Accordingly, an estimated 4,189 trailers (25% of 16,757 trailers and semitrailers currently registered in the 12,000-pound category) would instead be registered in the 14,000-pound category for an additional \$18.50 (going from an annual fee of \$104.50 to \$123.00), generating additional annual revenues of \$77,500. Likewise, an estimated 2,792 trailers and semitrailers (50% of 5,584 currently registered at 16,000 pounds) would be registered at \$160 less (going from \$283 at 16,000 pounds to \$123 at 14,000 pounds), reducing estimated transportation fund revenues by \$446,700. The net effect of these registration shifts would be an annual revenue loss of \$369,200.

If Senate Amendment 1 to SB 215 were adopted, assuming no change to the percentage of trailers in each category that would be shifted to the proposed 14,000-pound category, there would be a net annual revenue gain of \$489,400. Maintaining the same assumptions on the percentage of trailers and semitrailers that would be shifted to the new category is defensible if the benefits of such a shift outweigh the differences in the registration fee. The Department indicates that the primary reason for the shift would be to allow greater loads to be carried without crossing the weight threshold for commercial motor vehicle requirements. That is, a 16,000-pound trailer (assuming a pulling vehicle registered at 12,000 pounds) is required to meet commercial motor vehicle requirements, whereas a 14,000-pound trailer would not be required to meet those requirements. Consequently, the amount of the fee is likely to be a minor consideration relative to the operational benefits of making the shift. In either case, the Department's assumptions on the percentage of trailers and semitrailers that make the shift are somewhat speculative. Although these percentages could differ in practice, changing the resulting transportation revenue gain or loss, these shifts are very small in relation to the total amount of transportation fund revenue (about \$1.8 billion annually).

Prepared by: Jon Dyck