



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #791

Fees for Vehicle Inspection Services (DOT -- State Patrol)

[LFB 2009-11 Budget Summary: Page 644, #5]

CURRENT LAW

The State Patrol, in addition to performing commercial motor vehicle inspections and general traffic law enforcement on state highways, performs other specific functions, including statutorily required inspections of school buses and ambulances. School buses are required to be inspected at least annually under the Department of Transportation's administrative rules, as well as, by statute, at the time of sale. Inspectors check to ensure that all vehicle equipment is operational and that the interior of the vehicle meets minimum safety standards, including federal commercial motor carrier safety standards. A bus that does not comply with the standards may be ordered out of service and may not be operated until the deficiencies are corrected.

Every ambulance must be inspected upon registration and registration renewal, or at other times determined by the Department. Since many ambulances are registered for a multi-year period, the Department's administrative rules require inspections to occur at least biennially. These inspections check that the vehicles meet minimum standards for such things as the vehicle equipment, sirens, lighting, and communication equipment, the presence of various types of medicines and medical equipment, and the size and features of the patient compartment. Ambulances that fail to meet these standards may be ordered out of service until the deficiencies are corrected or, for more minor problems, the inspector may allow the ambulance to stay in service, but require certain improvements to be made within a specified period of time.

The Department does not charge a fee for ambulance or school bus inspections.

GOVERNOR

Require the Department, by administrative rule, to specify a fee to be charged by the

Department for an inspection of a school bus and for the inspection of an ambulance. Require the Department to credit the fee revenues to new SEG appropriations created for the cost of school bus and ambulance inspection, respectively. Remove a reference to ambulance inspection costs from the State Patrol's principal SEG administrative appropriation. Specify that the creation of the appropriations and the requirement to establish these fees by rule take effect on the first day of the fourth month beginning after publication of the budget act.

Increase transportation fund revenues by \$773,400 annually to reflect estimated fees collected for school bus inspections and by \$84,200 annually to reflect estimated fees collected for ambulance inspections. Provide \$773,400 SEG annually in the new appropriation for school bus inspections and \$84,200 SEG annually in the new appropriation for ambulance inspections to reflect estimated fees deposited in these appropriations. Decrease the State Patrol's principal SEG appropriation by \$857,600 annually, so that there would be no net change in the total SEG appropriated for these purposes. Transfer 7.0 SEG positions annually to the school bus inspection appropriation and 1.0 SEG position annually to the ambulance appropriation from the State Patrol's principal administrative appropriation to reflect the respective transfer of these duties.

Require the Department to submit draft rules to the Legislative Council staff for both vehicle inspection fees no later than the first day of the fourth month beginning after the effective date of the budget act. Require the Department, by the first day of the fourth month beginning after publication of the budget act, to promulgate emergency rules establishing the fees for the period prior to when the permanent rules take effect. Specify that the emergency rules may remain in effect until the permanent rules take effect, or July 1, 2011, whichever is sooner. Specify that the Department is not required to provide a finding of emergency or evidence that promulgating these emergency rules is necessary for the preservation of the public peace, health, safety, or welfare.

DISCUSSION POINTS

1. The Governor's proposal to charge a fee for school bus and ambulance inspections would allow the costs of these inspections to be borne directly by the owners of the vehicles, instead of more generally out of the transportation fund through the administrative appropriation of the State Patrol. Accordingly, the State Patrol's SEG appropriation for general operations would be reduced by the amounts spent on these inspections, with a corresponding increase in separate appropriations for inspections, funded with fee revenues.

2. The proposed fees would be paid by the respective vehicle owners. School buses are generally owned by school districts or companies that provide pupil transportation for school districts on a contract basis. Ambulances are owned by municipalities, private ambulance companies, or nonprofit organizations.

3. The Department would establish the fees for both types of inspections by administrative rule. The Department anticipates that the fees would be between \$125 and \$150 for ambulance inspections, and between \$100 and \$125 for school bus inspections. Although the

statutory authorization for establishing the fees would not limit the amount of the fees to recovering the costs of the inspection, the Department's intention is to set the fees at the average inspection cost. To ensure that the fees are approximately equal to the costs of the inspection, the provisions could be modified to make this a requirement for the rules.

4. The new SEG appropriations for vehicle inspections would be credited with all moneys received from the fee revenues and would be used exclusively for the cost of inspections. Other DOT appropriations that function in the same way, such as the State Patrol appropriation for State Patrol Academy tuition payments, are PR appropriations. If the Committee approves of the concept in the Governor's proposal, the SEG appropriations could be converted to PR appropriations to make them consistent with similar appropriations under current law.

5. The State Patrol has other appropriations for collecting fees for services and paying the cost of those services. For example, the State Patrol academy charges tuition for instruction courses offered to non-DOT employees, primarily local law enforcement officers. In addition, the Department charges a fee for the provision of escort services, when required, for oversize trucks on the highway and deposits these amounts in an appropriation for that purpose. Finally, the Department collects fees and tower lease revenues from local law enforcement agencies for services related to managing the state's public safety radio communications systems. These appropriations were created in the 1997-99 and 1999-01 biennial budgets to offset costs that, at the time, were generally being borne by the State Patrol's SEG appropriation. The current proposal to charge fees for vehicle inspection services could be viewed as a similar initiative.

6. Ambulance and school bus inspections are regulatory functions designed to protect the users of the services that these vehicles provide. There are many cases where the costs of regulatory functions are assessed directly on those regulated. For instance, applicants for professional licenses issued by the Department of Regulation and Licensing, or certain business that are required to be licensed by other agencies, are charged a fee to cover the costs of the activities that the agencies do to ensure that the applicants meet minimum standards. Although school buses and ambulances, along with most other vehicles, must be registered and pay a registration fee, the fees are generally too low to cover the cost of inspections. The proposed fees for ambulance and school bus inspections could be viewed as an additional fee to cover the cost of the regulation and, therefore, similar to professional license fees or business license fees.

7. It could be argued that the state has historically adopted a policy of intentionally keeping the fees for school buses and for most ambulances lower than for other vehicles, a policy that would be altered by charging a fee for vehicle inspections. School buses are charged a minimal registration fee of \$5 for a five-year period, and ambulances are either registered as a municipal vehicle for \$5 for the life of the vehicle or, for those owned by a private, non-profit organization, for \$5 for five years. [Ambulances that are owned by for-profit companies, which the Department estimates account for about 20% of the total, are registered as an automobile at a fee of \$75.] If the state's policy has been that the interests of providing school transportation and emergency medical services justify subsidizing the cost of their operation through the use of other transportation fund revenues, then charging an additional fee would reduce the amount of this subsidy.

ALTERNATIVES

A. School Bus Inspection Fee

1. Approve the Governor's proposal to: (a) require the Department to establish a fee by administrative rule for the inspection of a school bus; (b) reduce the State Patrol's principal appropriation by \$773,400 SEG annually and increase funding by \$773,400 SEG annually in a new appropriation for school bus inspections; (c) increase transportation fund revenues by \$773,400 annually and credit that amount to the new appropriation; and (d) transfer 7.0 SEG positions annually from the State Patrol's principal appropriation to the new appropriation.

2. Modify the Governor's proposal by adopting one or more of the following alternatives:

a. Specify that the school bus inspection fee created by administrative rule must be established to approximate the actual, average cost of providing such inspections.

b. Convert the SEG appropriation for school bus inspections to a PR appropriation. Reduce SEG funding and transportation fund revenue estimates by \$773,400 annually and increase PR funding and revenue by \$773,400 annually. Convert 7.0 SEG positions to PR positions.

ALT A2b	Revenue	Change to Bill Funding	Positions
SEG	- \$1,546,800	- \$1,546,800	- 7.00
PR	<u>1,546,800</u>	<u>1,546,800</u>	<u>7.00</u>
Total	\$0	\$0	0.00

3. Delete provision.

ALT A3	Change to Bill Funding
SEG	- \$1,546,800

B. Ambulance Inspection Fee

1. Approve the Governor's proposal to: (a) require the Department to establish a fee by administrative rule for the inspection of an ambulance; (b) reduce the State Patrol's principal appropriation by \$84,200 SEG annually and increase funding by \$84,200 SEG annually in a new appropriation for ambulance inspections; (c) increase transportation fund revenues by \$84,200 annually and credit that amount to the new appropriation; and (d) transfer 1.0 SEG position annually from the State Patrol's principal appropriation to the new appropriation.

2. Modify the Governor's proposal by adopting one or more of the following alternatives:

a. Specify that the ambulance inspection fee created by administrative rule must be established to approximate the actual, average cost of providing such inspections.

b. Convert the SEG appropriation for ambulance inspections to a PR appropriation. Reduce SEG funding and transportation fund revenue estimates by \$84,200 annually and increase PR funding and revenue by \$84,200 annually. Convert 1.0 SEG position to a PR position.

ALT B2b	Change to Bill		
	Revenue	Funding	Positions
SEG	- \$168,400	- \$168,400	- 1.00
PR	<u>168,400</u>	<u>168,400</u>	<u>1.00</u>
Total	\$0	\$0	0.00

3. Delete provision.

ALT B3	Change to Bill
	Funding
SEG	- \$168,400

Prepared by: Jon Dyck