



## ADMINISTRATIVE RULES

### Fiscal Estimate & Economic Impact Analysis

#### 13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Benefits:

1. UCR now requires states to perform audits. Implementing this rule will avoid the potential of future sanctions against Wisconsin.
2. Ensure UCR compliance among Wisconsin based Motor Carriers.
3. Ensure each Wisconsin based Motor Carrier pays the correct UCR fees.

Alternatives:

1. No change/do nothing: With the UCR enactment of the UCR audit requirement, in August 2014, audits are required to be completed by the state. This option could lead to potential sanctions against Wisconsin.
2. Minimal/Moderate reasonable change: Adopt audit policy and procedure to comply with UCR. Create policy and procedure for notifying carriers of an upcoming audit and requesting carriers UCR records to conduct an audit. Notify carriers of any finding of non-compliance, and provide a method for amending filing and fees. This option would not address audit collection, audit penalties, and audit sanctions.

#### 14. Long Range Implications of Implementing the Rule

None.

#### 15. Compare With Approaches Being Used by Federal Government

49 U.S.C 14504(a) authorizes the UCR board of directors to issue rules and regulations to govern the UCR agreement.

#### 16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

The State of Wisconsin Department of Transportation (“Department”) contacted UCR officials in Wisconsin’s neighboring states. None of our neighboring states have implemented an audit program. Some states have informal practices of contacting a carrier which they believe may have underpaid. Currently the UCR Board does not issue sanctions against states that do not fulfill the new audit requirements. Our neighboring states are waiting until sanctions are in place before they create an audit program, Wisconsin is taking a proactive approach.

<h4>17. Contact Name</h4>	<h4>18. Contact Phone Number</h4>
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This document can be made available in alternate formats to individuals with disabilities upon request.

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

### ATTACHMENT A

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

UCR may have a small effect on a small number of Wisconsin based interstate trucking and bus companies. For companies up to 1,000 trucks, the maximum underpayment would be up to \$76 per year, per truck. For companies with more than 1,000 trucks, the fee per vehicle maxes out at flat fee for \$73,346 for 1,001 or more vehicles. The average maximum underpayment of the fee itself would decline arithmetically from \$73.346 per vehicle as the number of a company's vehicles exceeds 1,000.

The implementation and compliance cost of this program will be absorbed with existing personnel.

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses

The fees are determined by the Secretary of the USDOT based upon the recommendation of the Board.

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

Due to the requirements of UCR, the agency was limited when considering other methods. These are two options the agency did consider.

1. No change/do nothing: With the UCR enactment of the UCR audit requirement, in August 2014, audits are required to be completed by the state. This option could lead to potential sanctions against Wisconsin.
2. Minimal/Moderate reasonable change: Adopt audit policy and procedure to comply with UCR. Create policy and procedure for notifying carriers of an upcoming audit and requesting carriers UCR records to conduct an audit. Notify carriers of any finding of non-compliance, and provide a method for amending filing and fees. This option would not address audit collection, audit penalties, and audit sanctions.

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

The methods incorporated into the Rule are there to fulfil the audit requirements adopted by the UCR Board in 2014 and ensure UCR compliance among Wisconsin based motor carriers.

The State of Wisconsin Department of Transportation ("Department") reached out to the President of the Wisconsin Motor Carriers Association for feedback on the Rule and the proposed penalties. The Department did not receive any feedback on the Rule or proposed penalties.

The Department gave a presentation on the Rule and proposed penalties at the October 18, 2016 meeting of the Wisconsin Motor Carrier Advisory Committee. The President of the Wisconsin Motor Carriers Association, several representatives of Wisconsin based

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motor carriers, and many others from the public and private sector were in attendance. The Department did not receive any questions or concerns with the Rule or the proposed penalties.

5. Describe the Rule’s Enforcement Provisions

The enforcement provisions are in place for any person that has underpaid by failing to pay the correct fee, maintains inadequate records, has failed to make the records required available upon proper request, or has failed to register for UCR by failing to complete the proper forms and paying the appropriate fees. The department proposes to assess the licensee an appealable penalty depending on the number of offense or upon the nature of the offense. The fee difference is the difference between the UCR bracket for which registered and the UCR bracket as determined by audit. The unpaid fee refers to the UCR fee amount due that has not been paid. Penalties shall be assessed according to the following schedule:

<u>Type of offense</u>	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> /Subsequent offense
Underpaid	\$200 + 2x Fee Difference	\$400 + 2x Fee Difference	\$600 + 2x Fee Difference
Inadequate Records	\$400 + 2x Fee Difference	\$800 + 2x Fee Difference	\$1200 + 2x Fee Difference
Failure to Provide Records	\$600 + 2x Fee Difference	\$1200 + 2x Fee Difference	\$1800 + 2x Fee Difference
Failure to Register	\$800 + 2x Unpaid Fee	\$1600 + 2x Unpaid Fee	\$2400 + 2x Unpaid Fee

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

Yes     No

These audit requirements have been adopted by the UCR Board and require participating states, including Wisconsin, to conduct a specific number of audits of UCR motor carriers each year. States shall send a report to the Chairman of the Audit Subcommittee by June 1<sup>st</sup> each year to indicate the number of audits completed and the findings of those audits. The Department is hopeful the approval process will be completed by May 2017, allowing Wisconsin to comply with the current audit requirements.