

FISCAL NOTE

Bill #: SB174

Title: Vehicle revenue distributed based on local mill levies

Primary

Sponsor: Bill Glaser

Status: Introduced

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

| | <u>FY2002</u> <u>Difference</u> | <u>FY2003</u> <u>Difference</u> |
|--|--|--|
| Expenditures: | | |
| General Fund | \$383 | |
| Revenue: | | |
| General Fund | \$(916,472) | \$(1,885,420) |
| University 6-mill | \$(58,981) | \$(121,339) |
| Assumption 9-mill | \$(49,907) | \$(102,671) |
| Local Governments | \$1,025,360 | \$2,109,431 |
| Net Impact on General Fund Balance: | \$(916,855) | \$(1,885,420) |

| <u>Yes</u> | <u>No</u> | | <u>Yes</u> | <u>No</u> | |
|-------------------|------------------|----------------------------------|-------------------|------------------|-------------------------------|
| X | | Significant Local Gov. Impact | | X | Technical Concerns |
| | X | Included in the Executive Budget | X | | Significant Long-Term Impacts |
| | X | Dedicated Revenue Form Attached | X | | Family Impact Form Attached |

Fiscal Analysis

ASSUMPTIONS:

Department of Revenue

1. Table 1 on the following page shows the current law distribution of the fee in lieu of taxes to the accounts/funds for watercrafts, snowmobiles, OHV's, motor homes, motorcycles/quadracycles, heavy vehicles, trailers, travel trailers, and campers. Additionally, Table 1 shows the distribution of the registration flat fee for light vehicles.

| Table 1 Current Law Distribution | | | | | | | | | |
|-------------------------------------|--------------------|--------------------|----------------|----------------------|-----------------|-------------------|----------------|-----------------|--------------------|
| VEHICLES | Highway Account | District Courts | DofAg. SSRA | FWP SSRA | Univ. 6-mill | Assump. 9-mill | GF 95-mills | GF 1.5-mills | Local Gov Mills |
| Watercrafts | No | No | No | 20% ¹ /No | Yes | Yes | Yes | Yes | Yes |
| Snowmobiles | No | No | No | No | Yes | Yes | Yes | Yes | Yes |
| OHV's | No | No | \$1/vehicle | No | Yes | Yes | Yes | Yes | Yes |
| Motorhomes | New Only | No | No | No | Yes | Yes | Yes | Yes | Yes |
| Motorcycles/Quads | New Only | No | No | No | No | No | No | Yes | Yes |
| Heavy Vehicles | New Only | No | No | No | Yes | Yes | Yes | Yes | Yes |
| Trailers | No | No | No | No | Yes | Yes | Yes | Yes | Yes |
| Travel Trailers | No | No | No | No | Yes | Yes | Yes | Yes | Yes |
| Campers | No | No | No | No | Yes | Yes | Yes | Yes | Yes |
| LIGHT VEHICLES | New Only | 10% | No | No | No | No | No | Yes | Yes |

¹FWP receives 20% of FILT's on Watercrafts through FY2002.

2. Table 2 below shows the proposed law distribution of the fee in lieu of taxes to the accounts/funds for watercrafts, snowmobiles, OHV's, motor homes, motorcycles/quadracycles, heavy vehicles, trailers, travel trailers, and campers. Additionally, Table 2 shows the distribution of the registration flat fee for light vehicles.

| Table 2 Proposed Law Distribution | | | | | | | | | |
|--------------------------------------|--------------------|--------------------|----------------|----------------------|-----------------|-------------------|----------------|-----------------|--------------------|
| VEHICLES | Highway Account | District Courts | DofAg. SSRA | FWP SSRA | Univ. 6-mill | Assump. 9-mill | GF 95-mills | GF 1.5-mills | Local Gov Mills |
| Watercrafts | No | No | No | 20% ¹ /No | No | No | No | Yes | Yes |
| Snowmobiles | No | No | No | No | No | No | No | Yes | Yes |
| OHV's | No | No | \$1/vehicle | No | No | No | No | Yes | Yes |
| Motorhomes | New Only | No | No | No | No | No | No | Yes | Yes |
| Motorcycles/Quads | New Only | No | No | No | No | No | No | Yes | Yes |
| Heavy Vehicles | New Only | No | No | No | No | No | No | Yes | Yes |
| Trailers | No | No | No | No | No | No | No | Yes | Yes |
| Travel Trailers | No | No | No | No | No | No | No | Yes | Yes |
| Campers | No | No | No | No | No | No | No | Yes | Yes |
| LIGHT VEHICLES | New Only | 10% | No | No | No | No | No | Yes | Yes |

¹FWP receives 20% of FILT's on Watercrafts through the first half of FY2002.

3. Under this proposal, the university system 6-mill, the state assumption of public assistance 9-mill, and the state general fund 95-mill will not receive the amount collected from the fee in lieu of tax on all vehicle types. Under this proposed change in distribution there will be revenue *decreases* to the **general fund revenue** by \$916,472 in fiscal 2002 and \$1,885,420 in fiscal 2003, the **university system 6-mill** by \$58,981 in fiscal 2002 and \$121,339 in fiscal 2003, the **state assumption of public assistance 9-mill** by \$49,907 in fiscal 2002 and \$102,671 in fiscal 2003, and *increases* revenue for the **local governments** by \$1,025,360 in fiscal 2002 and \$2,109,431 in fiscal 2003. Table 3 below shows the revenue impacts under this proposal by account/fund.

Table 3
Revenue Impacts Under this Proposal

| <u>Year</u> | <u>Univ. 6-mill</u> | <u>Assump. 9-mill</u> | <u>General Fund</u> | <u>Local Gov Mills</u> |
|-------------|-------------------------|---------------------------|-------------------------|----------------------------|
| FY02 | \$ (58,981) | \$ (49,907) | \$ (916,472) | \$ 1,025,360 |
| FY03 | \$ (121,339) | \$ (102,671) | \$ (1,885,420) | \$ 2,109,431 |

4. The above impacts in assumption three are calculated using a 1.5% annual growth rate per vehicle. The calendar year 2000 motor vehicle database is used as the base year in making the calculations in assumption three.

Department of Justice

1. Programming costs to the Department of Justice to redesign the motor vehicle system to accommodate the changes in this program to change county and school district tables are estimated at \$300 (4 hours x @ \$75/hour = \$300 FY02 only). It will be necessary to contract for programming with an outside vendor since DOJ programming staff are committed to completing the current backlog of more than 15,000 hours of programming to comply with existing mandates. Computer costs to complete the programming are estimated at \$83 in FY02 only (.5 days @ \$165/day = \$82.50).
2. Programming costs incurred by the counties to appropriately distribute these fees is unknown.

FISCAL IMPACT:

| | <u>FY2002 Difference</u> | <u>FY2003 Difference</u> |
|------------------------|------------------------------|------------------------------|
| <u>Expenditures:</u> | | |
| Operating Expenses | \$383 | 0 |
| <u>Funding:</u> | | |
| General Fund (01) | \$383 | 0 |
| <u>Revenues:</u> | | |
| General Fund (01) | \$(916,472) | \$(1,885,420) |
| University 6-mill (02) | \$(58,981) | \$(121,339) |
| Assumption 9-mill (03) | \$(49,907) | \$(102,671) |
| Local Governments (04) | \$1,025,360 | \$2,109,431 |

(continued)

Net Impact to Fund Balance (Revenue minus Expenditure):

| | | |
|------------------------|-------------|---------------|
| General Fund (01) | \$(916,855) | \$(1,885,420) |
| University 6-mill (02) | \$(58,981) | \$(121,339) |
| Assumption 9-mill (03) | \$(49,907) | \$(102,671) |
| Local Governments (04) | \$1,025,360 | \$2,109,431 |

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Under this proposal local governments revenue will increase by \$1,025,360 in fiscal 2002 and \$2,109,431 in fiscal 2003.

LONG-RANGE IMPACTS:

Under this proposal, the state general fund, the university system 6-mill, and the state assumption of public assistance 9-mill will decrease revenue as noted in assumption 3. The local governments will increase revenue as noted in assumption 3.