

FISCAL NOTE

Bill #: SB0225

Title: Revising the determination of model year for light vehicles and heavy trucks

Primary

Sponsor: Jack Wells

Status: As Introduced

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Net Impact on General Fund Balance:	0	0

<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 Justice

1. Department of Justice (DOJ), Motor Vehicle Division records reflect that in calendar 1999 the following new vehicles were titled and registered in Montana and their purchase year preceded their model year: light vehicles – 3,306, heavy trucks - 473, and buses - 5.
2. Assuming the numbers remain constant, the decrease in revenues would first occur in the Fall of calendar year 2005 impacting FY 2006.
3. One time programming costs to the DOJ to add vehicles purchased after 12/31/2001 to the process that uses sales year instead of model year for age will be absorbed. There will be no fiscal impact to the DOJ.

Department of Revenue

1. Under current law, the age of a light vehicle and a heavy vehicle (buses, motor vehicles having rated capacity of more than one ton, and truck tractors) is determined by subtracting the manufacturer's model year of the vehicle from the calendar year for which the fee is due.
2. Under this proposal, the age of a light vehicle and a heavy vehicle (buses, motor vehicles having rated capacity of more than one ton, and truck tractors) is determined by subtracting the purchase year of the vehicle from the calendar year for which the fee is due, *if the purchase year of the vehicle precedes the*

*designated model year, and the vehicle is originally titled in Montana. **This proposal applies to vehicles purchased after December 31, 2001.***

3. Under this proposal, the calculation of the age of a vehicle causes the age of vehicles purchased after December 31, 2001 in which the purchase year of the vehicle precedes the designated model year of the vehicle to be 1-year older than under current law. Due to this 1-year age increase there will be some vehicles paying less for fees than under current law causing a ***decrease in revenue***. The revenue collected from the fees in lieu of taxes on heavy vehicles and from the registration fee on light vehicles ***decrease*** by \$16,982 in fiscal 2004, \$17,109 in fiscal 2005, \$17,366 in fiscal 2006, \$1,166,748 in fiscal 2007, \$1,184,249 in fiscal 2008, and \$1,202,013 in fiscal 2009. **The accounts/funds affected under this proposal are shown in detail in Table 1 under the LONG-RANGE IMPACTS section.**
4. The above impacts in assumption three are calculated using a 1.5% annual growth rate in the number of vehicles. The calendar year 2000 motor vehicle database is used as the base year in making the calculations in assumption three.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Beginning in FY 2007 there will be a decrease in revenues collected from these fees in lieu of taxes. See Table 1.

LONG-RANGE IMPACTS

Table 1 Revenue Impacts under this Proposal						
<u>Fiscal Year</u>	<u>District Courts</u>	<u>Univ. 6-mill</u>	<u>Assump. 9-mill</u>	<u>General Fund</u>	<u>Local Gov Mills</u>	<u>Total Impact</u>
FY2004	\$ -	\$ (221)	\$ (187)	\$ (3,464)	\$ (13,110)	\$ (16,982)
FY2005	\$ -	\$ (222)	\$ (188)	\$ (3,490)	\$ (13,208)	\$ (17,109)
FY2006	\$ -	\$ (226)	\$ (191)	\$ (3,543)	\$ (13,406)	\$ (17,366)
FY2007	\$ (114,912)	\$ (229)	\$ (194)	\$ (5,664)	\$ (1,045,748)	\$ (1,166,748)
FY2008	\$ (116,636)	\$ (233)	\$ (197)	\$ (5,749)	\$ (1,061,435)	\$ (1,184,249)
FY2009	\$ (118,385)	\$ (236)	\$ (200)	\$ (5,835)	\$ (1,077,356)	\$ (1,202,013)

TECHNICAL NOTES:

SB 225 does not indicate whether there would be a change in the calculation of these fees in lieu of taxes when there is a change in ownership that would revert to model year rather than purchase year.

Under this proposal, district courts, the university system 6-mill account, the state assumption of public assistance 9-mill account, the state general fund, and local governments will experience a ***decrease in revenue*** as shown in detail in Table 1.