

Fiscal Note Request HB0444, As Introduced

(continued)

3. This proposal eliminates the registration fee and fee in lieu of tax on campers, motorized canoes, and motorized rubber rafts.
4. This proposal requires travel trailers, off-highway vehicles, and recreational vehicles to pay the \$0.25 fee provided in 61-3-321(6)(a).
5. This bill applies to vehicles registered or reregistered on or after January 1, 2004.
6. The net revenue impacts to the state general fund due to the changes outlined in assumptions 1 through 5 are \$15,400,001 in fiscal 2004 and \$1,694,300 in fiscal 2005.
7. State special revenue accounts are impacted under this proposal. The transfer payment pursuant to 15-1-122(3)(v), MCA, to the Parks and Recreational state special revenue account to the credit of Fish, Wildlife, and Parks will decrease by \$14,483 annually in fiscal years 2004 and 2005. The transfer payment pursuant to 15-1-122(3)(f), MCA, to the Senior Citizens/Disability Transportation account to the credit of Department of Transportation will increase by \$12,289 annually in fiscal years 2004 and 2005. The net transfer payment pursuant to 15-1-122(3)(e) and 61-3-527(2), MCA, to the Highway Patrol Fund to the credit of Department of Administration will increase by \$42,522 in fiscal 2004 and \$9,144 in fiscal 2005. Revenue to the motorcycle safety account pursuant to 20-25-1002 and 61-3-321(3), MCA, will decrease by \$79,533 in fiscal 2005.
8. The impacts in assumptions six and seven are calculated using the calendar year 2001 motor vehicle database as the base year.

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9. It is assumed that the current rate of new titling transactions for boats, snowmobiles, motorcycles and quads, trailers, and travel trailers will remain constant.
10. All back taxes and fees for boats, snowmobiles, motorcycles and quads, trailers, and travel trailers are removed.
11. A decrease of approximately 238,648 decals at \$0.0852 each would decrease operating expenses in FY 2005 approximately \$2,015.
12. Administrative expenses will increase \$24,312 in FY 2004 for programming to change the motor vehicle title and registration system to update the fee code tables, allow permanent registrations until change in ownership for all recreational vehicles except boats over 19 feet, remove the fees and registration processes for truck campers and back taxes for all recreational vehicles, retain the duplicate decal fees for these vehicles, and remove the fees for the highway patrol fund for the motorcycles, quadricycles, and permanent registration transactions.

FISCAL IMPACT:

Expenditures:

	<u>FY 2004</u>	<u>FY 2005</u>
	<u>Difference</u>	<u>Difference</u>
Operating Expenses (Dept of Justice)	\$24,312	(\$2,015)
Transfers (Dept of Administration)	40,328	\$6,950

Funding of Expenditures:

General Fund (01)	\$64,640	\$4,935
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Revenues:

General Fund (01)	\$15,440,329	\$1,701,250
SSRA FWP (Recreation) Transfer (02)	(\$14,483)	(\$14,483)
SSRA DOT (Senior Citizen/Disabl.) Transfer (03)	\$12,289	\$12,289
SSRA DOA (Highway Patrol Fund) Transfer (04)	\$42,522	\$9,144
SSRA (Motorcycle Safety Account) (05)	\$0	(\$79,533)

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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$15,400,001	\$1,694,300
SSRA FWP (Recreation) Transfer (02)	(\$14,483)	(\$14,483)
SSRA DOT (Senior Citizen/Disabl.) Transfer (03)	\$12,289	\$12,289
SSRA DOA (Highway Patrol Fund) Transfer (04)	\$42,522	\$9,144
SSRA (Motorcycle Safety Account) (05)	\$0	(\$79,533)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Section 45 of this bill amends 61-3-570 (local option flat fee), MCA, for the one-time fees provided in this bill. Currently, there are no flat fees imposed at the local level, hence, there is no impact.

LONG-RANGE IMPACTS:

1. Under this proposal, beginning in fiscal 2006, annual revenue to the state general fund will be approximately \$4 million less than under current law and revenue to the motorcycle safety account will be approximately \$111,000 less than under current law.
2. The state special revenue accounts that receive transfer payments pursuant to 15-1-122(3), MCA, will be greatly impacted by this bill beginning in Fiscal 2006. The fiscal 2006 transfer payments will be based on the motor vehicle database for calendar year 2004, which is the first calendar year impacted by this bill. This will cause the transfer payment(s) related to fee in lieu of taxes to increase dramatically; and cause the transfer payments related to registration fees to decrease dramatically. The fiscal 2007 transfer payments will be based on the motor vehicle database for calendar year 2005, which will be the first full calendar year after the full implementation of this bill. The transfer payments for fiscal 2007 and fiscal years thereafter will be dramatically less than under current law.

TECHNICAL NOTES:

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1. Section 16 indicates that each year decals must be of a different color than the preceding year numbered in sequence. It is unclear whether a decal would have to be issued every year whether there is a transfer of ownership or not. This could significantly impact operating costs for decal materials.
2. Montana statutes do not clearly define a trailer or a semi-trailer as a collector's item (61-3-411, MCA).
3. HB 124 included the \$3.50 recreational fee payable to Fish, Wildlife and Parks in the registration fee for recreational trailers under 61-3-321. Current practice is to charge the \$11.75 on each recreational registration or reregistration and an additional \$3.50 for the recreational fee payable to Fish, Wildlife and Parks.
4. 23-2-809, MCA, in Section 27 indicates the \$5 duplicate OHV decal fee is distributed as provided in 23-2-804, MCA. There is no distribution language in 23-2-804, MCA.
5. To retain a disabled license plate the individual is required to medically recertify every three years. This bill will affect those motorcycles currently registered with disabled license plates.
6. 61-3-406, MCA, requires \$25 for original and \$10 fee to be paid upon each transfer or renewal of a personalized license plate. HB 444 does not provide a mechanism to allow the renewal or transfer of personalized license plates for motorcycles, recreational trailers, and non-recreational trailers. The lack of a renewal or transfer mechanism for these personalized license plates would result in a general fund loss.
7. Total revenue projections based upon the number of title fees paid may be overstated. 61-3-201, MCA, does not require the payment of taxes or fees in lieu of taxes on transfer of title in inheritance or involuntary transfers such as bankruptcies or repossessions. While non-recreational trailers, trailers operated under the International Registration Plan, or trailers over 26,000 GVW owned by individuals do require a title, taxes and fees in lieu of taxes are not required to be paid under 61-3-530, MCA.

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Additionally, 61-4-111, MCA, does not require a motor vehicle dealer to pay taxes or fees in lieu of taxes while a vehicle is held in their inventory although they may be required to title the vehicle.

8. Under 23-2-611, MCA and 23-2-811, MCA, those snowmobiles and off-highway vehicles not operated on public lands would only be required to obtain a certificate of ownership and would not be required to be registered. Revenues based upon the number of title fees paid would be overstated for those snowmobiles and off-highway vehicles not registered because they are operated solely on private property.