

**HB 671 – Revise Motor Vehicle Laws  
To Implement Team 261 Business-Process Re-Engineering  
Recommendations**

**EXPLANATION OF FEE OR FISCAL-RELATED AMENDMENTS IN HB067101.ALK  
Montana Department of Justice**

HB 671 updates motor vehicle division business practices by maximizing customer service through use of electronic commerce applications and by streamlining business procedures through adaptation of processes currently used by motor vehicle agencies in other states that have proven to be effective.

These changes are critical to the eventual development and utilization of 21<sup>st</sup> century information technology, both hardware and software, previously authorized during the 2003 regular session with the passage of SB 261.

As introduced, HB 671 has a substantial fiscal note, showing a net biennial impact on the general fund balance of \$ 3.4 million dollars.

An additional \$ .75 million is estimated over the biennium for the motor vehicle electronic commerce operating account (MV E-commerce Acct) to be used by the Department of Justice to pay costs directly incurred in the operation, maintenance and enhancement of electronic commerce applications by the motor vehicle division. This account is currently characterized in HB 671 as a state special revenue fund, however, the amendments supported by the department would reclassify the account as an enterprise type fund.

As introduced, the MV E-commerce account revenue comes from the proposed creation of a new \$5 or \$10 fee for issuance of a temporary registration permit (TRP), giving a person who acquires a new vehicle the ability to operate that vehicle for up to 40-days prior to its registration in the county treasurer's office, a 50¢ increase in the renewal notice fee imposed upon issuance of a driver's license, and a diversion of the current law 50¢ renewal notice fee from state general fund to the proposed state special revenue account.

The dedicated revenue is needed by the department to ensure that electronic commerce applications are available to Montana residents and businesses because these fees will directly fund the new costs, such those charged by the state's internet portal provider, Montana Interactive, to develop and operate the front-end of the internet interface, that the motor vehicle division will incur.

In an effort to mitigate concerns about fee increases or unnecessary general fund impacts, the Department has requested amendments to:

- ▶ reduce proposed TRP fees by \$2, from \$5 to \$3 and from \$10 to \$8 (amendments #18-19)
- ▶ eliminate any allocation of the new TRP fee to the state general fund (amendment #20)
- ▶ eliminate the proposed \$25 fee for issuance of duplicate license plates (amendment #22)
- ▶ strike the 50¢ increase on the driver's license renewal notice fee (amendment #35)
- ▶ remove the diversion of the current law 50¢ driver's license renewal notice fee to the proposed state special revenue fund (amendments #38-39)

Additionally, due to concerns raised by the manufactured home association and the lenders who finance purchase of manufactured homes, the Department has requested an amendment that would only exempt manufactured homes declared to be an improvement to real property from Title 61 certificate of titling requirements.

These amendments are all contained in HB067101.alk and if accepted, the revised fiscal note for HB 671 would be as reflected on the bottom of the attached sheet.

The combined effect of these amendments will reduce the biennial net increase in state general fund balance by \$554,495 and raise the net increase in state special revenue/enterprise funds by \$12,581.

**HB 671 -- Generally revise motor vehicle law  
Rep. J. Musgrove**

**Fiscal Summary - Fiscal Note - As Introduced**

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<b>Expenditures:</b>		
General Fund	\$0	\$0
State Special Revenue (Enterprise Fund)	\$257,003	\$517,916
<b>Revenue:</b>		
General Fund	\$1,132,283	\$2,267,862
State Special Revenue (Enterprise Fund)	\$257,003	\$517,916
<b>Net Impact on General Fund Balance:</b>	\$1,132,283	\$2,267,862

**Proposed Revenues Under Amended HB 671 -- HB067101.alk**

	Service Fee		Electronic Commerce Enterprise Account		State General Fund	
	FY 2006	FY 2007	FY 2006	FY 2007	FY 2006	FY 2007
Temporary Registration Permits (TRP) - estimated 150,000 issued per year \$0.03 authorized agent or county treasurer transaction \$0.00 authorized or electronic business transaction Estimated Total TRP Revenues	9,000	87,000	87,000	87,000	87,000	87,000
Fleet vehicle registration fees -- estimated 900 vehicle per year	7,500	15,000	15,000	15,000	15,000	15,000
<b>TOTAL REVENUES - PROPOSED AMENDMENTS "A"</b>	<b>16,500</b>	<b>102,000</b>	<b>102,000</b>	<b>102,000</b>	<b>102,000</b>	<b>102,000</b>

