



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0024	Title:	Prohibit sale of some two-stroke marine engines and personal watercraft
Primary Sponsor:	Weinberg, D.	Status:	As Introduced

- Significant Local Gov Impact
 Include in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:				
General Fund	\$91,200	\$91,200	\$93,480	\$95,817
Federal Special Revenue	\$4,800	\$4,800	\$4,920	\$5,043
Revenue:				
General Fund	\$63,570	\$60,170	\$59,900	\$59,630
State Special Revenue	<u>\$73,000</u>	<u>\$73,000</u>	<u>\$73,000</u>	<u>\$73,000</u>
Net Impact-General Fund Balance:	<u><u>(\$27,630)</u></u>	<u><u>(\$31,030)</u></u>	<u><u>(\$33,580)</u></u>	<u><u>(\$36,187)</u></u>

Description of fiscal impact:

This bill prohibits the sale of certain types of two-stroke marine engines and personal watercraft powered by these types of engines in Montana. It will have an impact on future sales and hence titling and registration revenues.

FISCAL ANALYSIS

Assumptions:

1. Montana permanently registered 7,024 vessels with outboard motors in 2005 (Title and Registration Bureau).
2. Montana permanently registered 1,349 vessels made of fiberglass less than 16 feet in length and powered by an inboard motor. We can assume that most of these are personal watercraft (Title and Registration Bureau).
3. It is probable that approximately 1,000 of the 8,373 (7,024 + 1,349) vessels, people had owned but did not permanently register until 2005; and that 7,373 (8,373 - 1,000) vessels were sold by boat dealers and private individuals.

4. If 10% of these 7,373 vessels have prohibited engines, Fish, Wildlife and Parks (FWP) wardens could be investigating about 737 ($7,373 * 0.10$) cases.
5. If each case takes an average of 5 hours to investigate and prosecute, FWP wardens will invest 3,685 hours ($5 * 737$) annually investigating the illegal sale and purchase of prohibited engines. FWP will need at least 1.50 FTE to manage the additional workload.
6. An average field warden salary is \$25 per hour with benefits. The estimated personal services cost for the 1.50 FTE is \$78,000.
7. An average operating budget for a warden is \$12,000 per year. Additional operations of \$18,000 will be required ($\$12,000 * 1.50 \text{ FTE} = \$18,000$) to support the investigations. This will include training for a process to investigate the marine engines or watercraft to determine if the engine is legal.
8. Approximately 5% of the violations will be detected on the water, which will make these investigations eligible for Coast Guard funding ($96,000 * 0.05 = \$4,800$).
9. Per 87-1-601(4), MCA, FWP will receive no revenue from this legislation, since all prosecutions will occur in justice court. Revenues will be split 50/50 between the counties and the general fund.
10. Approximately 10% of the 737 investigations will result in a violation and the \$2,000 fine being assessed both the seller and the buyer resulting in \$146,000. ($737 * 0.10 = 73 * \$2,000 = \$146,000$) Per 87-1-601(4), MCA, FWP will receive no revenue from this legislation. The revenue will be deposited to the general fund and the prosecuting county at a 50/50 split.
11. Titling and registration revenues which are deposited in the state general fund will be reduced if individuals or businesses are unable to sell 2-stroke marine engines. Industry experts predict 2-stroke marine engines to be phased out of the new sales market by 2009. The sale of used 2-stroke marine engines would continue without the legislation.
12. Boats and personal watercraft are currently assessed a title fee of \$10 and a permanent registration fee of \$65.50/\$125.50/\$295.50 dependent upon the length of the vehicle. These fees are collected upon the transfer of the ownership of the boat or personal watercraft.
13. Data is unavailable to precisely determine potential lost titling and registration revenues for the state. Therefore, it is assumed that this bill will cause a 1% annual loss of titling and registration revenues.
14. Boat and personal watercraft titling and registration revenue is estimated to be \$1,257,000 in FY 2008, \$1,283,000 in FY 2009, \$1,310,000 in FY 2010, and \$1,337,000 in FY 2011.
15. As the bill is effective October 1, 2007, three-quarters of FY 2008 will be impacted by the bill. Therefore, only 0.75% of the projected annual revenue loss will occur in FY 2008. At a 0.75% loss, boat and personal watercraft titling and registration revenue will decrease \$9,430 ($\$1,257,000 * 0.0075$) in FY 2008.
16. General fund revenue will decrease \$12,830 ($\$1,283,000 * 0.01$) in FY 2009.
17. General fund revenue will decrease \$13,100 ($\$1,310,000 * 0.01$) in FY 2010.
18. General fund revenue will decrease \$13,370 ($\$1,337,000 * 0.01$) in FY 2011.
19. In summary, the general fund revenue change is as follows:
 - FY 2008: \$63,570 (\$73,000 - \$9,430)
 - FY 2009: \$60,170 (\$73,000 - \$12,830)
 - FY 2010: \$59,900 (\$73,000 - \$13,100)
 - FY 2011: \$59,630 (\$73,000 - \$13,370)

Fiscal Note Request – As Introduced

(continued)

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.50	1.50	1.50	1.50
<u>Expenditures:</u>				
Personal Services	\$78,000	\$78,000	\$79,950	\$81,949
Operating Expenses	\$18,000	\$18,000	\$18,450	\$18,911
TOTAL Expenditures	\$96,000	\$96,000	\$98,400	\$100,860
<u>Funding of Expenditures:</u>				
General Fund (01)	\$91,200	\$91,200	\$93,480	\$95,817
Federal Special Revenue (03)	\$4,800	\$4,800	\$4,920	\$5,043
TOTAL Funding of Exp.	\$96,000	\$96,000	\$98,400	\$100,860
<u>Revenues:</u>				
General Fund (01)	\$63,570	\$60,170	\$59,900	\$59,630
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$63,570	\$60,170	\$59,900	\$59,630
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$27,630)	(\$31,030)	(\$33,580)	(\$36,187)
Federal Special Revenue (03)	(\$4,800)	(\$4,800)	(\$4,920)	(\$5,043)

Effect on County or Other Local Revenues or Expenditures:

- Counties will share the fine revenues 50/50 with the general fund.

Sponsor's Initials

Date

Budget Director's Initials

Date