



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

**Bill #** HB0559

**Title:** Generally revise motor vehicle laws

**Primary Sponsor:** Bangerter, Liz

**Status:** As Amended in House Committee-Revised

- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2             | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget        | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2013</u> <u>Difference</u>	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<b>Expenditures:</b>					
General Fund	\$0	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0	\$0
<b>Revenue:</b>					
General Fund	\$2,564	\$32,395	\$23,392	\$2,210	(\$24,678)
State Special Revenue	\$0	\$0	\$4,388	\$8,835	\$8,895
<b>Net Impact-General Fund Balance:</b>	<u>\$2,564</u>	<u>\$32,395</u>	<u>\$23,392</u>	<u>\$2,210</u>	<u>(\$24,678)</u>

**Description of fiscal impact:** HB 559, as amended, allows vehicles with collegiate plates to be registered permanently, if they meet the permanent registration vehicle age standard. The bill further allows motor homes that register permanently to bear generic specialty (sponsored) or collegiate plates. The bill removes the termination (January 1, 2015) date for the use of past standard license plate designs, and on the option to reuse plate numbers on new issue plates. The bill also eliminates the requirement for the use of a county number prefix on small license plates. HB 559 clarifies penalties for speed limit violations in special speed limit zones.

The adoption of permanent registration for light vehicles bearing collegiate, and motor homes bearing colligate or sponsored plates, raises general fund revenue in the next biennia, and then lowers revenue in the long-term once permanent registrations peak. The elimination of the termination date for the option to retain old plate numbers on new issue license plates raises state special revenue. The net effect is an increase in general fund revenue in FY 2013 through FY 2016, and a net decline in FY 2017. The decline would likely continue in subsequent years and into the future.

**FISCAL ANALYSIS****Assumptions:****Department of Justice**

1. HB 559 makes several changes to state motor vehicle laws. The three changes that have fiscal impact are the removal of current law restrictions on the use of: 1) collegiate plates on light vehicles registered permanently, 2) collegiate and generic specialty plates on permanently registered motor homes, and 3) the extension of the \$15 fee for retaining the same plate number on the issuance of new light vehicle license plates.

*Common Assumptions on the Transition to Permanent Registration*

2. Eliminating the restriction on carrying collegiate, or generic specialty (sponsored) plates on permanently registered vehicles (vehicles that are 11 years or older are eligible for permanent registration) creates a short-term increase in revenue as vehicles pay the higher permanent registration fee instead of the lower annual registration fee. However, the annual stream of fees is terminated, unless the vehicle is re-registered on a change of ownership. Effectively, the numbers of permanently registered vehicles accumulates and the pool of vehicles that register annually drops, thereby leading to long-term general fund revenue reductions.
3. The current light vehicle and motor home permanent registration system started in October 1, 2006. Permanent registration rose rapidly to the current (FY 2012) annual rate of 3.80% (42,994/1,130,216) for light vehicles and 7.67% (1,984/25,854) for motor homes. This fiscal note simulates that transition by phasing-in the proportion of vehicles registering permanently in FY 2013 and will increase by 65% in FY 2014 by 75%, FY 2015 by 85%, and 95% in FY 2016, similar to the adoption of permanent registration between FY 2007 to FY 2009. This assumes the accumulated stock of vehicles currently eligible to register permanently with specialty plates transition to permanent registration over time.
4. The SJ 2 annual growth rate for vehicle registrations is 0.7%.
5. As of June 2011, R.L. Polk & Co. reported that the median age of light vehicles in the U.S. was 10.8 years, making half of all registered light vehicles eligible for permanent registration.
6. It is assumed that the cumulative total of permanently registered light vehicles with collegiate or generic specialty plates will never exceed the number of vehicles registering annually bearing the same type of license plate.
7. When collegiate plates are purchased or renewed, a fee of \$30 is collected by the department for transfer to the appropriate organization. When generic specialty (sponsored) plates are purchased or renewed the fees vary but have averaged \$20.25 in the most recent three years. The impact on these collections is summarized in the local impact section of this fiscal note.
8. Once the counts of current law and HB 559 registrations is estimated, the fees collected for each type of registration is then calculated and summed. The fiscal impact presented is the difference between the two revenue estimates. The estimates are presented for the impact of permanent registration of vehicles with collegiate plates, motor homes with collegiate plates, and motor homes with sponsored plates.

*Permanent Registration of Light Vehicles with Collegiate License Plates*

9. In FY 2012, there were 21,085 sets of collegiate plates issued. This represents 1.87% of all vehicle registration and license plate activity
10. Since the section of this bill is effective on passage an approval it is assumed that section will be in effect starting May 1, 2013, and be effective for only two months (16.67%) of FY 2013.
11. Based on the assumption that collegiate plates will be used on owner's newer vehicles, the proportion of vehicles registering permanently with collegiate plates is projected to rise to only one-half the share of annual permanent plating seen for vehicles with standard license plates.
12. The difference in the anticipated current law collections from collegiate plate activity and HB 559 collections due to base assumptions #2 through #12 is presented in the table below. The revenue effects have incidence on general fund revenue.

<b>Impact of HB 559 as Amended (revised)- Permanent Registration of Vehicles with Collegiate Plates.</b>						
	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Current Law - Vehicles w/Collegiate Plates</b>	<b>21,085</b>	<b>21,233</b>	<b>21,381</b>	<b>21,531</b>	<b>21,682</b>	<b>21,833</b>
<b>Distribution of Vehicles by Plate Type Under HB 559</b>						
Vehicles Registered Permanently w/Collegiate Plates		43	302	341	377	392
Vehicles Registering Annually w/Collegiate Plates		21,189	21,079	20,844	20,618	20,378
<i>Cumulative Permanently Registered Vehicles w/Collegiate Plates</i>		<i>43</i>	<i>346</i>	<i>687</i>	<i>1,063</i>	<i>1,455</i>
<b>Vehicles w/Collegiate Plates</b>		<b>21,233</b>	<b>21,425</b>	<b>21,531</b>	<b>21,682</b>	<b>21,833</b>
<b>Registration Revenue Effects</b>						
Vehicles Registered Permanently w/Collegiate Plates (\$87)		\$3,781	\$26,297	\$29,649	\$32,768	\$34,119
Vehicles Registered Annually w/Collegiate Plates(\$28)		\$593,296	\$590,211	\$583,643	\$577,317	\$570,586
<b>Total under HB 559</b>		<b>\$597,077</b>	<b>\$616,508</b>	<b>\$613,291</b>	<b>\$610,085</b>	<b>\$604,704</b>
<b>Current Law Revenue</b> (all at \$28)		\$594,513	\$599,891	\$602,865	\$607,085	\$611,335
<b>Difference</b>		<b>\$2,564</b>	<b>\$16,617</b>	<b>\$10,426</b>	<b>\$3,000</b>	<b>(\$6,630)</b>

*Permanent Registration of Motor Homes with Generic Specialty (Sponsored) License Plates*

13. In FY 2012, there were 153,595 sets of generic specialty plates issued; this represents approximately 13.6% of annual vehicle registration and license plate activity (153,595/1,130,216).
14. Based on the assumption that generic specialty plates will be used on owner’s newer vehicles, but are likely to cover a broader range of owners than collegiate plates, the proportion of motor homes registering permanently with generic specialty plates is projected to rise to only two-thirds (9.06%) the share of annual permanent plating seen for vehicles in general.
15. This section is effective October 1, 2013 and would apply to 75% of FY 2014.
16. The revenue changes due to base assumptions #2 through #8, and specific assumptions #13 through #15, and the anticipated current law collections from motor homes with generic specialty plates are presented in the following table. The revenue effects have incidence on general fund revenue.

<b>Impact of HB 559 as Amended (revised) - Permanent Registration of Motor Homes with Sponsored Plates</b>					
	<b>FY 2012</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Total Motor Homes Plated (0.7% growth SJ 2)	<b>25,854</b>	<b>26,217</b>	<b>26,401</b>	<b>26,586</b>	<b>26,772</b>
Motor Homes Registering Permanently (7.67%)	<b>1,984</b>	2,011	2,025	2,039	2,053
Motor Homes Registering Annually	<b>23,870</b>	24,206	24,376	24,546	24,718
<i>Cumulative Motor homes with Permanent Plates</i>	<i>9,196</i>				
<b>Distribution of Motor Homes by Plate Type Under HB 559</b>					
Permanently Registered w/ Sponsored Plates (9.06%)		103	156	176	186
Registering Annually w/ Sponsored Plates (9.06%)		1,234	1,877	2,113	2,239
<i>Cumulative Motor Homes w/ Permanent Sponsored Plates</i>		<i>103</i>	<i>258</i>	<i>434</i>	<i>620</i>
<b>All Motor Homes w/ Sponsored Plates</b>		<b>1,336</b>	<b>2,136</b>	<b>2,547</b>	<b>2,859</b>
<b>Registration Revenue Effects</b>					
Registered Permanently w/ Sponsored Plates (\$237)		\$24,293	\$36,948	\$41,594	\$44,082
Registered Annually w/ Sponsored Plates(\$97.50)		\$120,277	\$183,024	\$205,988	\$218,347
<b>Total under HB 559</b>		<b>\$144,569</b>	<b>\$219,972</b>	<b>\$247,581</b>	<b>\$262,429</b>
<b>Current Law Revenue</b> (all at \$97.50)		\$130,270	\$208,218	\$248,293	\$278,787
<b>Difference</b>		<b>\$14,299</b>	<b>\$11,754</b>	<b>(\$712)</b>	<b>(\$16,358)</b>

*Permanent Registration of Motor Homes with Collegiate License Plates*

17. In FY 2012, there were 21,085 sets of generic specialty plates issued; this represents approximately 1.87% of annual vehicle registration and license plate activity (21,085/1,130,216).
18. Based on the assumption that collegiate plates will be used on owner’s newer vehicles, the proportion of motor homes registering permanently with collegiate plates is projected to rise to only one-half (0.94%) the share of annual permanent plating seen for vehicles in general.
19. This section is effective October 1, 2013 and would apply to 75% of FY 2014.
20. The revenue changes due to base assumptions #2 through #8, and specific assumptions #17 and #19, and the anticipated current law collections from motor homes with collegiate plates are presented in the following table. The revenue effects have incidence on general fund revenue.

<b>Impact of HB 559 as Amended (revised) - Permanent Registration of Motor Homes with Collegiate Plates</b>					
	<b>FY 2012</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Total Motor Homes Plated (0.7% growth SJ 2)	<b>25,854</b>	26,217	26,401	26,586	26,772
Motor Homes Registering Permanently (7.67%)	<b>1,984</b>	2,011	2,025	2,039	2,053
Motor Homes Registering Annually	<b>23,870</b>	24,206	24,376	24,546	24,718
<i>Cumulative Motor homes with Permanent Plates</i>	<i>9,196</i>				
<b>Distribution of Motor Homes by Plate Type Under HB 559</b>					
Permanently Registered w/ Collegiate Plates (1%)		11	16	18	19
Registering Annually w/ Collegiate Plates (1%)		127	194	218	231
<i>Cumulative Motor Homes w/ Permanent Collegiate Plates</i>		<i>11</i>	<i>27</i>	<i>45</i>	<i>64</i>
<b>All Motor Homes w/Collegiate Plates</b>		<b>138</b>	<b>220</b>	<b>263</b>	<b>295</b>
<b>Registration Revenue Effects</b>					
Registered Permanently w/Collegiate Plates (\$237)		\$2,512	\$3,816	\$4,290	\$4,550
Registered Annually w/Collegiate Plates(\$97.50)		\$12,413	\$18,888	\$21,258	\$22,534
<b>Total under HB 559</b>		<b>\$14,925</b>	<b>\$22,704</b>	<b>\$25,548</b>	<b>\$27,084</b>
<b>Current Law Revenue</b> (all at \$97.50)		\$13,446	\$21,492	\$25,626	\$28,774
<b>Difference</b>		<b>\$1,479</b>	<b>\$1,212</b>	<b>(\$78)</b>	<b>(\$1,690)</b>

*Elimination of the Termination Date for Permissible re-use of the Same Plate Number Fee*

21. Section 1 of the bill also eliminates the January 1, 2015 (halfway through FY 2015) expiration of the \$15 fee for retaining license plate numbers on receipt of new license plates. The following table presents the present law difference in state special revenue of this change:

<b>HB 559 as Amended (revised) - Eliminating Termination of Same Plate Number Option Fee</b>					
	<b>FY 2012</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Sets of Same Plate Number (with SJ 2 Growth)	<b>573</b>	581	585	589	593
<b>Revenue</b>					
Current law	\$8,595	\$8,715	\$4,388	\$0	\$0
HB 559	\$8,595	\$8,715	\$8,775	\$8,835	\$8,895
<b>Change in State Special Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,388</b>	<b>\$8,835</b>	<b>\$8,895</b>

- 22. HB 509 eliminates the requirement that the department distribute the list of individuals with amateur radio license plate holders.
- 23. The department can implement the legislation within existing resources. No additional cost to the department will be incurred for MERLIN system programming as it has already been programmed to allow for permanent registration of vehicles.
- 24. The bill is effective on passage and approval except for sections one and two which are effective October 1, 2013.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
<u>Fiscal Impact:</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<b>Department of Justice</b>					
<u>Expenditures:</u>					
TOTAL Expenditures	\$0	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>					
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0	\$0
<u>Revenues:</u>					
General Fund (01)	\$2,564	\$32,395	\$23,392	\$2,210	(\$24,678)
State Special Revenue (02)	\$0	\$0	\$4,388	\$8,835	\$8,895
<b>TOTAL Revenues</b>	<b>\$2,564</b>	<b>\$32,395</b>	<b>\$27,780</b>	<b>\$11,045</b>	<b>(\$15,783)</b>

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

General Fund (01)	\$2,564	\$32,395	\$23,392	\$2,210	(\$24,678)
State Special Revenue (02)	\$0	\$0	\$4,388	\$8,835	\$8,895

**Effect on County or Other Local Revenues or Expenditures:**

1. Local governments will experience a reduction in revenue approximately equal to half of the state general fund revenue impacts given that \$ 37.8 million in local option taxes were collected with light vehicle registrations while the state general fund collections were \$76.880 in light vehicle registrations in FY 2012.
2. The fees plate sponsors collect will be reduced by this bill. The estimated reduction in FY 2013 and FY 2014 is \$0; in FY 2015 is \$13,765; in FY 2016 is \$29,148; and in FY 2017 is \$58,176. These reductions are expected to stabilize around \$152,442 by FY 2023.

**Long-Term Impacts:**

1. Because of the initial offsetting effects of reduced annual registrations and higher permanent registration fees, this bill shows initial revenue increases. These are followed by revenue reductions beginning in FY 2017, these reductions are anticipated to continue and stabilize around \$200,000 per year by FY 2023

**Technical Concerns**

1. Sections one and two of this bill are effective October 1, 2013, while the other sections of the bill are effective on passage and approval – this could create some confusion for motor home owners who want to register their vehicle and purchase collegiate or sponsored plates permitted on sections three and four, but the department will not have a legal basis to process the donations authorized in section one.

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Sponsor's Initials

\_\_\_\_\_  
Date

\_\_\_\_\_  
Budget Director's Initials

\_\_\_\_\_  
Date