



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0599	Title:	Allow for permanent registration of heavy trucks and truck tractors
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Primary Sponsor:	Randall, Lee	Status:	As Introduced
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| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$4,400	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$965,464)	(\$1,496,649)	(\$1,814,736)	(\$2,005,773)
State Special Revenue	\$14,070,352	\$7,653,998	\$4,504,432	\$2,742,494
Net Impact-General Fund Balance:	<u>(\$969,864)</u>	<u>(\$1,496,649)</u>	<u>(\$1,814,736)</u>	<u>(\$2,005,773)</u>

Description of fiscal impact: HB 599 would allow permanent registration of class 4 through 8 vehicles. The bill will decrease general fund and increase net state special revenue collected per 61-3-321 (20) MCA, starting in fiscal year 2016.

FISCAL ANALYSIS

Assumptions:

1. The bill allows heavy vehicles, class 4 through 8 that are 11 years of age or older to become permanently registered.
2. The analysis presented utilizes vehicle registration data from FY 2014 to estimate the number of heavy trucks eligible for permanent registration in FY 2016, FY 2017, FY 2018, and FY 2019. For the purposes of this analysis, the estimated numbers of heavy trucks eligible for permanent registration are as follows: FY 2016 = 33,436, FY 2017 = 35,115, FY 2018 = 36,933 and FY 2019 = 38,042.
3. The registrations number in assumption #2 represent the eligible pool of heavy trucks available for permanent registration if no permanent registrations actually occur. Because permanent registrations will occur, the number of vehicles permanently registering due to the provisions of this bill will be less than the

numbers above because as vehicles register they will be removed from the stock of eligible vehicles. See assumptions #7 - #10 for more detail.

4. Revenue occurring from the permanent registration of heavy trucks, as provided for in this bill, is assumed to be deposited in the state special revenue fund.
5. It is assumed that 50% of heavy truck registrations in FY 2016 will be permanent. This would result in 15,929 heavy trucks with GVW between 2,000 and 80,000 pounds registering in FY 2016 and paying an average permanent registration fee of \$758. For trucks with GVW above 80,000 pounds, it is assumed that 789 of these vehicles would register permanently in FY 2016 for an average fee of \$2,530.
6. In FY 2017, it is estimated there will be 18,397 heavy trucks eligible for permanent registration (33,436 eligible vehicles in FY 2016, minus 16,718 registrations, plus 1,679 trucks becoming eligible). It is assumed that 50% (9,198) of these trucks will register permanently in FY 2017, with 8,766 trucks paying an average registration fee of \$758 and 432 trucks paying an average fee of \$2,530.
7. Heavy trucks eligible for permanent registration in FY 2018 are estimated to number 11,016 in FY 2018. The assumption is that 50% (5,508) of these trucks will register permanently in FY 2018. Of the 5,508 trucks registering, 5,249 are expected to pay an average fee of \$758 and 259 are expected to pay a fee of \$2,530.
8. In FY 2019, 6,617 heavy trucks are estimated to be eligible for permanent registration. It is assumed that 50% (3,308) will register, with 3,153 paying an average fee \$758 and 155 paying an average fee of \$2,530.
9. Due to the permanent registrations, there will be losses to general fund revenue in FY 2016, FY 2017, FY 2018, and FY 2019 because of a reduced stock of vehicles paying the \$35 (average) fee pursuant to 61-3-529, MCA. There will also be general fund losses associated with the permanently registered vehicles no longer paying the annual registration fee of \$22.75 per 61-3-321 (6), MCA. These general fund losses are expected to be \$965,464 in FY 2016 (16,718 x \$57.75), \$1,496,649 in FY 2017 (25,916 x \$57.75), \$1,814,736 in FY 2018 (31,424 x \$57.75), and \$2,005,773 in FY 2019 (34,732 x \$57.75).
10. In FY 2016, as it relates to 44-1-504, MCA, the Montana Highway Patrol would not see decrease in revenue related to the highway patrol officers' pay and retention fund because the \$5 fee paid at the time of registration would be paid whether the registration is an annual or permanent.
11. Revenue collected for the Montana Highway Patrol under 44-1-504, MCA, pay and retention funding will decrease every fiscal year after the inception of this bill because the \$5 fee will not be received annually for any permanently registered vehicles after FY 2016. Decreased revenue impacts in FY 2017 total \$83,590 (\$5 fee x 16,718 registrations). Reduction of revenue totals \$129,580 in FY 2018 (\$5 fee x 25,916 registrations), and \$157,120 in FY 2019 (\$5 fee x 31,424 registrations).
12. It is estimated that 40 hours of computer programming will be required at an hourly rate of \$110.00 for a total cost of \$4,400.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$4,400	\$0	\$0	\$0
TOTAL Expenditures	\$4,400	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$4,400	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$4,400	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	(\$965,464)	(\$1,496,649)	(\$1,814,736)	(\$2,005,773)
State Special Revenue (02)	\$14,070,352	\$7,653,998	\$4,504,432	\$2,742,494
Highway Patrol Account	\$0	(\$83,590)	(\$129,580)	(\$157,120)
Permanent Registrations	\$14,070,352	\$7,737,588	\$4,634,012	\$2,899,614
TOTAL Revenues	\$13,104,888	\$6,157,349	\$2,689,696	\$736,721

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

General Fund (01)	(\$969,864)	(\$1,496,649)	(\$1,814,736)	(\$2,005,773)
State Special Revenue (02)	\$14,070,352	\$7,653,998	\$4,504,432	\$2,742,494

Effect on County or Other Local Revenues or Expenditures

1. There will be a significant decrease in county option taxes in the out years. The amount would vary county by county according to the county option tax rate.

Technical Notes:

1. This bill directly impacts the solvency of the Montana Highway Patrol pay and retention fund starting in FY 2017 due to the reduction in revenue.

Sponsor's Initials

Date

Budget Director's Initials

Date