



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

Room 110 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

**Director**  
AMY CARLSON

DATE: December 2, 2015

TO: Revenue and Transportation Interim Committee

FROM: Sam Schaefer, Fiscal Analyst

RE: Department of Justice Vehicle Transaction Data

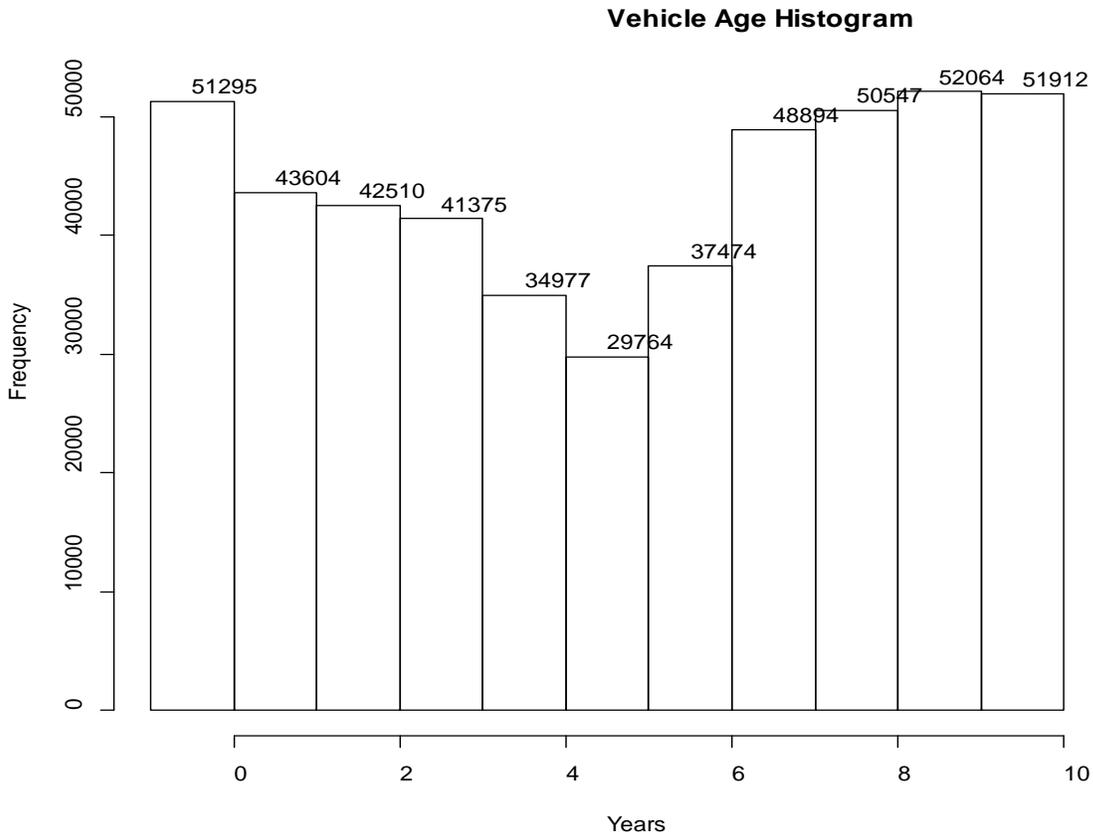
The Department of Justice (DOJ) provides monthly vehicle transaction data to the Legislative Fiscal Division (LFD). These transactions include, but are not limited to transaction date, registration county, vehicle year, fee description, and fee amount. Ultimately these data will allow the LFD to provide analyses and forecasts related to policy changes.

The state currently assesses a variety of motor vehicle fees including fees for license plates, titles, gross vehicle weight, and registrations. Of these, light vehicle registrations account for approximately 75% of total vehicle revenue deposited into the general fund. Light vehicles are taxed at a rate based on age, as shown below. Vehicles eleven years of age and older also have the option of permanent registration, at a one-time cost of \$88.50.

Age (Years)	Tax
0-4	\$217
5-10	\$87
11+	\$28

The light vehicle registration model currently applies an estimated growth rate in Montana's vehicle stock to the most recent year's tax collections. The growth estimate is based on IHS forecasts of new and used car sales in Montana. These sales are compared to the prior year's vehicle stock to produce a growth rate.

While the model will still be dependent on IHS forecasts of vehicle sales, the transaction data will allow the model to incorporate the effects of turnover in vehicle age, a characteristic that the current model lacks. Large shifts from one year to another in the age brackets can cause significant shifts in revenue. This can be seen in the Figure 1, as new light vehicle registrations plummeted in 2008-2010.



**Figure 1**

Moving forward, these detailed data will allow these shifts to be incorporated into the modeling process.

In addition to forecasting, the detailed data would allow for analyses of policy changes and their fiscal impacts. For instance, both policy changes below would generate approximately identical amounts of revenue to what was collected in FY 2015.

Age (Years)	Tax
0-4	\$250
5-10	\$65
11+	\$25

Age (Years)	Tax
0-4	\$190
5-10	\$100
11+	\$35

Analyses would not be limited to light vehicle registrations. The fiscal impacts regarding any vehicle transaction could be studied. For instance, [HB 599](#) as proposed in the 2015 Legislative session would have allowed permanent registrations for heavy vehicles with a rated capacity of less than 55,000 pounds which were 11 years of age or older. Preliminary fiscal impacts of such a bill could be estimated using the DOJ vehicle data. Note that the fiscal notes for vehicle tax changes are ultimately produced by DOJ.