

## Vehicle Taxes and Fees (61-3-321, MCA)

### 1. Model Characteristics

- Total motor vehicle taxes and fees are estimated as the sum of light vehicle annual registration revenue, other vehicle registration revenue, other fees and taxes, and permanent registration revenue.
- An estimate of the light vehicle stock in Montana is determined by combining data on new vehicle purchases and the estimated removal of existing vehicles from the road.
- Annual vehicle registration revenue is determined by estimating the number of registrations for each age cohort and applying the appropriate registration fee.
  - The number of registrations for vehicles aged 0-4 years is estimated as a percent of the light vehicle stock.
  - Registrations for vehicles in the 5-10 and 10+ year age cohorts are forecast using the previous year's number of registrations and adding an estimated net change in registrations for each respective cohort.
- Permanent registrations are estimated using historical growth rates.
- Both other vehicle registration revenue and other fee revenue are assumed to grow at the same rate as light vehicle registration revenue.
  - Other vehicle registration revenue comes from the registration of motor homes, boats, snowmobiles, etc.
  - Other fees include license plate fees, title fees, local option taxes, etc.

### 2. Model Data

- Vehicle registration data is obtained from IHS Economics and the Montana Department of Justice Motor Vehicle Division.

### 3. Key Variables

- Annual registrations of light vehicles by age class.
- New vehicle registrations.
- Permanent registrations.

### 4. Other Important Points

- Total FY 2015 year-to-date registrations of vehicles in the 0-4 age cohort are up 10% over FY 2014. An improving economic outlook among consumers and current low gasoline prices are good news for motor vehicle purchases going forward.
- Once a vehicle is permanently registered it no longer pays the annual registration fee. When a permanently registered vehicle changes ownership; however, it must be re-registered permanently or the registration fee will again be assessed annually.