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# Legislative Fiscal Division

## Revenue Estimate Profile

### Driver's License Fees

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**Revenue Description:** A resident of Montana must have a valid driver's license to operate a motor vehicle on any highway in the state. A driver's license is issued only if the applicant passes specified examinations and pays fees. The fees are collected by Department of Justice, Motor Vehicle Division staff or county treasurers and are forwarded to the state treasurer for deposit. If collected by the county treasurers, a portion is retained by the county. The estimates shown in this source are net of revenue retained by the counties. The fees included in this source are from regular driver's licenses, commercial driver's licenses, motorcycle endorsements, duplicate driver's licenses, and renewal notices. Between October 1, 1995 and October 1, 1999, one-half of the licenses issued for those between the ages of 21 and 67 were 4-year licenses and one-half were 8-year licenses. Drivers outside these age brackets were assigned driver's licenses with terms which depend on how many years the driver was less than 21 or less than 75 years old. Between October 1, 1999 and July 1, 2005, all licenses for those 21-67 years of age were valid for 8 years. With the enactment of House Bill 192 by the 2005 Legislature, commercial licenses are valid for 5 years.

#### Statutory Reference:

Tax Rates (MCA) – Duplicate license (61-5-114), all others (61-5-111(6))

Tax Distribution (MCA) – 61-5-121

Date Due – upon application

#### Applicable Tax Rate(s):

 Driver's license fees are:

- driver's license, except a commercial driver's license - \$5.00 per year or fraction of a year
- motorcycle endorsement - \$0.50 per year or fraction of a year
- commercial driver's licenses (includes the basic license fee of \$5.00):
  - interstate - \$10.00 per year or fraction of a year
  - intrastate - \$8.50 per year or fraction of a year
- duplicate license - \$10.00
- renewal notice - \$0.50

**Distribution:** The distribution of license fee revenue varies by the type of license and who collects the fee. The table shows the current statutory distribution. Note that the portion allocated to counties applies only when the county collects the fee. Otherwise, the county allocation is added to the general fund distribution.

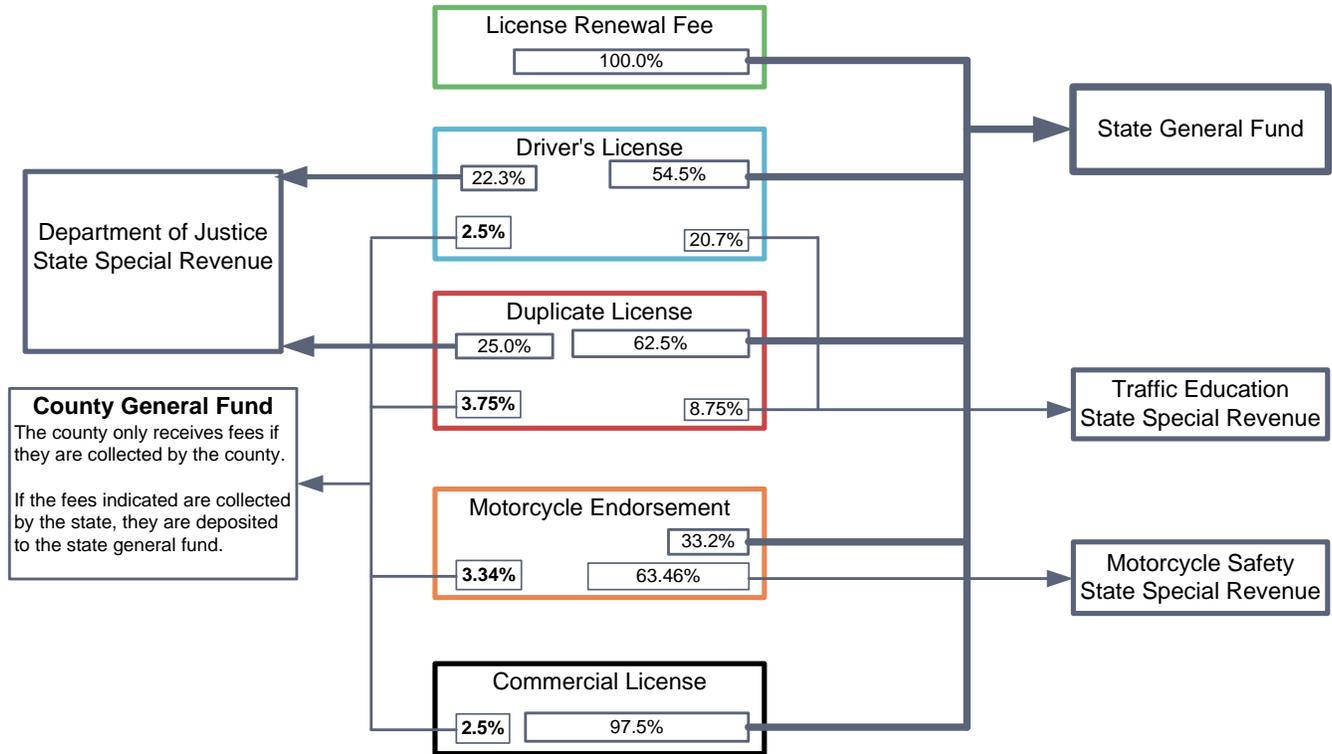
Distribution of Driver's License Fees					
Allocation	Driver's	Replacement	Motorcycle	Commercial	
	License	License	Endorsement	Driver's	Renewal
				License	Notice
County or State General Fund	2.5%	3.8%	3.3%	2.5%	0.0%
Motorcycle Safety Account	0.0%	0.0%	63.5%	0.0%	0.0%
Traffic Education Account	20.7%	8.8%	0.0%	16.5%	0.0%
State General Fund (remainder)	<u>76.8%</u>	<u>87.5%</u>	<u>33.2%</u>	<u>80.6%</u>	<u>100.0%</u>
Total	100.0%	100.0%	100.0%	99.6%	100.0%

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Distribution Chart:



**Collection Frequency:** Monthly

**% of Total General Fund Revenue:**

FY 2004 – 0.22%	FY 2007 – 0.25%	FY 2010 – 0.26%
FY 2005 – 0.22%	FY 2008 – 0.20%	FY 2011 – 0.21%
FY 2006 – 0.22%	FY 2009 – 0.19%	FY 2012 - 0.23%

**Revenue Estimate Methodology:**

The driver's license revenue estimate is based on the number of the six various licenses/fees, multiplied by the applicable fee. The number of licenses is modeled on Montana driving age population.

Data

There are six different sources of revenue—five different driver's licenses and the renewal notice. The best source of data for the number of licenses and the renewal notice is contained in the history of revenue collections for each of these six items from the state accounting system (SABHRS).

Analysis

The methodology used to determine the number of each license/fee differs slightly:

1. The proxy numbers for driver's and motorcycle licenses are obtained by multiplying the driving age population estimate for each year by the last known actual ratio of driver's licenses to driving age population. This ratio differs between odd and even years, and is applied accordingly.
2. For duplicate licenses, the proxy number is derived by multiplying the number of driver's licenses by the previous year's ratio between the number of duplicates and drivers licenses. Because the driver's license proxy includes the effects of population change, these effects are also included in the proxy for duplicate licenses.
3. The proxies for the number of interstate and intrastate licenses are the amounts from the last known fiscal year.
4. To approximate the number of renewal notices, the ratio between the previous years' number of notices to the

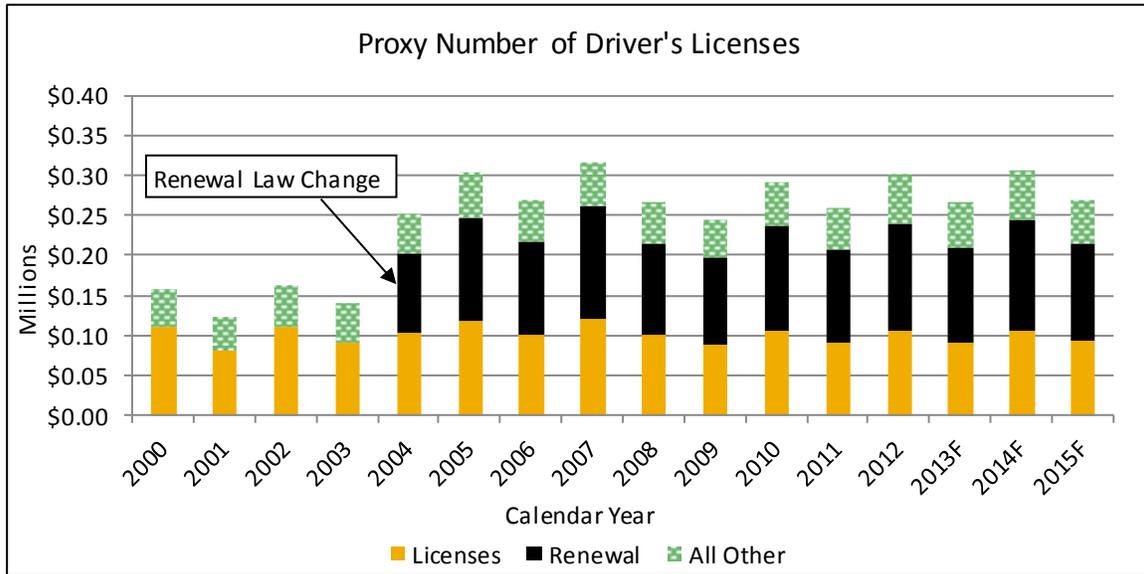
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proxy number of licenses is multiplied by the estimated number of licenses. Since the license proxy includes the effects of population change, these effects are also included in the proxy for renewal notices.

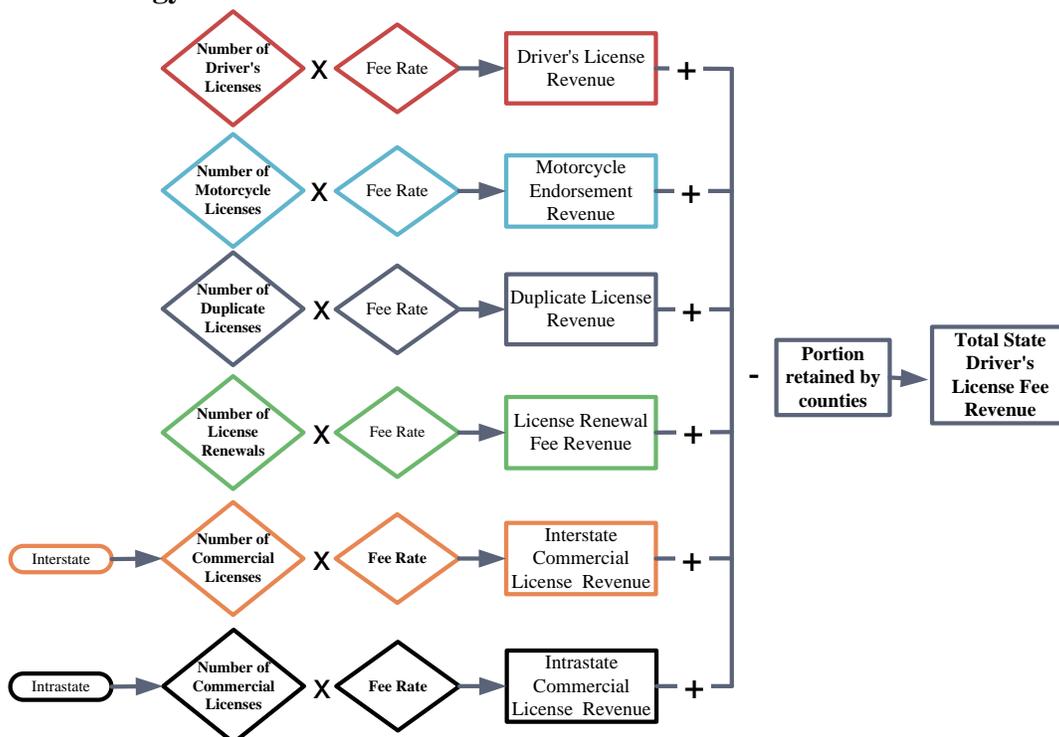
- Based on historical percentages, amounts retained by the counties are calculated and subtracted from the total revenue to derive the state's portion.



#### Adjustments and Distribution

Once the proxy number for each license has been estimated, adjustments, if any, are made. After any adjustments, the applicable distribution percentage of the revenue for each license fee is applied (see the "Distribution" section).

#### Forecast Methodology:



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#### Revenue Estimate Assumptions:

	t	Total Fee	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee	GF Fee
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2002	4.173	2.580	0.000	0.000	0.000	0.000	0.000
Actual	2003	3.421	2.119	0.000	0.000	0.000	0.000	0.000
Actual	2004	4.895	3.021	2.224	0.190	0.013	0.410	0.049
Actual	2005	5.562	3.373	2.557	0.216	0.016	0.401	0.064
Actual	2006	4.872	3.828	3.072	0.307	0.012	0.346	0.058
Actual	2007	5.747	4.609	3.654	0.282	0.017	0.439	0.071
Actual	2008	4.845	3.866	3.037	0.285	0.013	0.377	0.058
Actual	2009	4.326	3.478	2.778	0.288	0.012	0.314	0.054
Actual	2010	5.166	4.156	3.315	0.278	0.018	0.430	0.065
Actual	2011	4.614	3.711	2.808	0.285	0.014	0.515	0.058
Actual	2012	5.432	4.369	3.259	0.295	0.018	0.689	0.068
Forecast	2013	4.817	3.873	2.851	0.258	0.015	0.689	0.059
Forecast	2014	5.472	4.394	3.317	0.300	0.018	0.689	0.069
Forecast	2015	4.889	3.930	2.902	0.263	0.015	0.689	0.060

License	t	Proxy	Proxy	Proxy	Proxy	Proxy	Proxy
Count	<u>Fiscal</u>	<u>Licenses</u>	<u>Duplicates</u>	<u>Cycle</u>	<u>Interstate</u>	<u>Intrastate</u>	<u>Renewal</u>
<u>Millions</u>							
Actual	2002	0.108	0.029	0.010	0.011	0.003	0.000
Actual	2003	0.089	0.035	0.008	0.009	0.001	0.000
Actual	2004	0.102	0.030	0.010	0.010	0.001	0.099
Actual	2005	0.117	0.035	0.012	0.009	0.001	0.129
Actual	2006	0.100	0.035	0.009	0.008	0.001	0.116
Actual	2007	0.119	0.032	0.013	0.010	0.001	0.141
Actual	2008	0.099	0.033	0.010	0.008	0.001	0.116
Actual	2009	0.088	0.032	0.009	0.007	0.001	0.108
Actual	2010	0.105	0.031	0.012	0.009	0.001	0.130
Actual	2011	0.089	0.032	0.010	0.011	0.001	0.116
Actual	2012	0.104	0.033	0.013	0.015	0.002	0.136
Forecast	2013	0.091	0.029	0.010	0.015	0.002	0.119
Forecast	2014	0.106	0.033	0.013	0.015	0.002	0.138
Forecast	2015	0.092	0.029	0.011	0.015	0.002	0.121

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GF Fee Rate in \$	t Fiscal	Proxy Licenses	Proxy Duplicates	Proxy Cycle	Proxy Interstate	Proxy Intrastate	Proxy Renewal
Actual	2002						
Actual	2003						
Actual	2004	21.80	6.25	1.33	39.00	27.30	0.50
Actual	2005	21.80	6.25	1.33	39.00	27.30	0.50
Actual	2006	30.72	8.75	1.33	40.28	34.24	0.50
Actual	2007	30.72	8.75	1.33	40.28	34.24	0.50
Actual	2008	30.72	8.75	1.33	40.28	34.24	0.50
Actual	2009	31.42	9.01	1.42	41.16	34.98	0.50
Actual	2010	31.42	9.01	1.42	41.16	34.98	0.50
Actual	2011	31.42	9.01	1.42	41.16	34.98	0.50
Actual	2012	31.42	9.01	1.42	41.16	34.98	0.50
Forecast	2013	31.42	9.01	1.42	41.16	34.98	0.50
Forecast	2014	31.42	9.01	1.42	41.16	34.98	0.50
Forecast	2015	31.42	9.01	1.42	41.16	34.98	0.50

Total Fee Rate in \$	t Fiscal	Proxy Licenses	Proxy Duplicates	Proxy Cycle	Proxy Interstate	Proxy Intrastate	Proxy Renewal
Actual	2002	32.00	5.00	4.00	40.00	28.00	0.00
Actual	2003	32.00	5.00	4.00	40.00	28.00	0.00
Actual	2004	40.00	10.00	4.00	40.00	28.00	0.50
Actual	2005	40.00	10.00	4.00	40.00	28.00	0.50
Actual	2006	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2007	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2008	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2009	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2010	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2011	40.00	10.00	4.00	50.00	42.50	0.50
Actual	2012	40.00	10.00	4.00	50.00	42.50	0.50
Forecast	2013	40.00	10.00	4.00	50.00	42.50	0.50
Forecast	2014	40.00	10.00	4.00	50.00	42.50	0.50
Forecast	2015	40.00	10.00	4.00	50.00	42.50	0.50

$$\text{Total Fee} = \text{Licenses} \times \text{Fee} + \text{Duplicates} \times \text{Fee} + \text{Cycle} \times \text{Fee} + \text{Interstate} \times \text{Fee} + \text{Intrastate} \times \text{Fee} + \text{Renewal} \times \text{Fee}$$

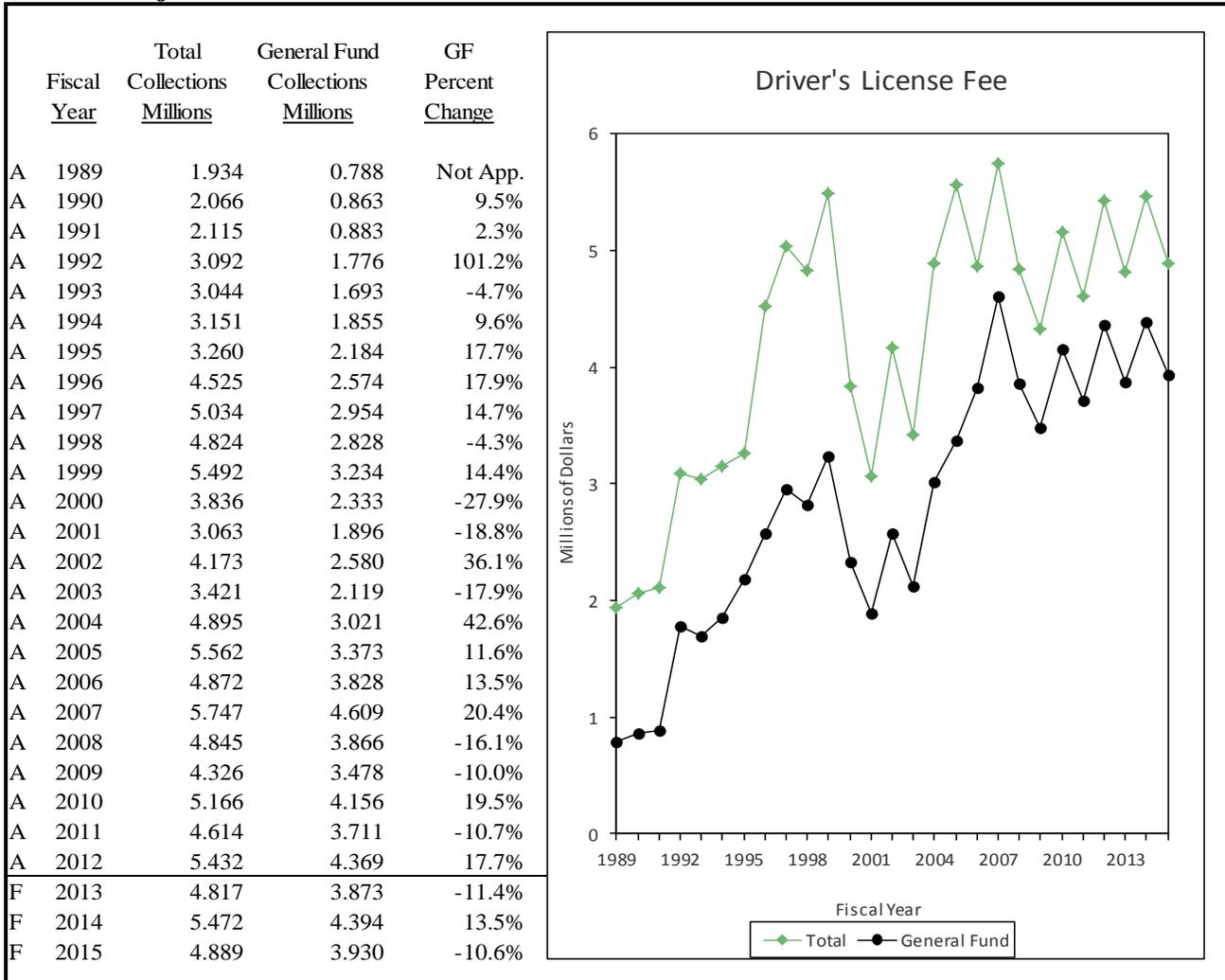
$$\text{GF Fee} = \text{Licenses} \times \text{GF Fee} + \text{Duplicates} \times \text{GF Fee} + \text{Cycle} \times \text{GF Fee} + \text{Interstate} \times \text{GF Fee} + \text{Intrastate} \times \text{GF Fee} + \text{Renewal} \times \text{GF Fee}$$

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#### Revenue Projection:



**Data Source(s):** SABHRS, Department of Administration, County Treasurer Offices

**Contacts:** Department of Justice