
Legislative Fiscal Division

Revenue Estimate Profile

Motor Vehicle Fee

Revenue Description: The state assesses a variety of motor vehicle fees, including fees for the filing of motor vehicle liens, fees for new license plates, title fees, and annual and permanent registration fees. The fees vary according to the type of vehicle and the type of license plate. There are also Gross Vehicle Weight (GVW) fees on trucks and pickups, special fees for senior citizen transportation, veteran services, the highway patrol pension fund, salaries for the highway patrol, motorcycle safety, electronic commerce applications, and an optional \$4 registration fee on light vehicles for state parks and fishing access sites.

Effective January 1, 2004, all fees on motorcycles and quadricycles, trailers, travel trailers, snowmobiles, off-highway vehicles, and watercraft are one-time only and permanent, except upon change of ownership. Fees on other vehicles are annual. Light vehicles older than ten years old may be licensed permanently, at the option of the owner. New license plate fees increased from \$2 to \$5. The registration fees on campers and pontoons and rubber rafts are eliminated. Beginning January 1, 2005, the registration fees on all light vehicles increased, as did permanent fees on recreational trailers, off-highway vehicles, snowmobiles, recreational vehicles, and motorcycles. Beginning January 2006, motor homes 11 years or older may be permanently registered and the registration fee for certain vehicles increased \$5 to fund Highway Patrol salaries.

Due to changes enacted by HB 671 and SB 285 by the 2005 Legislature, registration fee revenue reported by counties on the county collection report are now being recorded as vehicle taxes. Therefore, revenue shown for this source shows a large decline in FY 2006 from FY 2005, but revenue increases by a like amount in the "Vehicle Tax" revenue source. Due to enactment of HB 90 by the 2007 Legislature, lien filing fee increases are extended through June 2016 and certificate of title fee increases are extended through June 2018. SB 508 enacted by the 2009 Legislature created an online vehicle insurance verification system funded by new fees, increased existing fees, and earmarking of existing fees.

Statutory Reference:

Tax Fee rate – multiple, but generally in Title 61, chapter 3. Permanent registration 61-3-562

Tax Distribution (MCA) – all fees in Title 61 are distributed to the general fund unless stated otherwise (61-3-108)

Applicable Tax Rate(s): Various

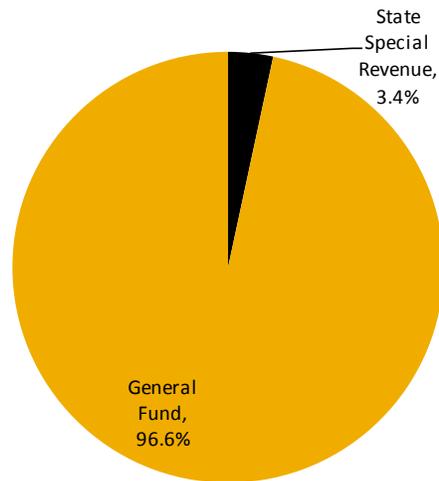
Distribution: Most motor vehicle fees are allocated to the general fund. The following fees are distributed to the Motor Vehicle Information Technology Systems state special revenue account: \$4 of the \$8 recording lien fee (including boats, snowmobiles, and off highway vehicles); \$5.00 of the \$10.00 certificate of ownership fees for watercraft, snowmobiles, off-highway vehicles and all other vehicles; \$5.00 of the \$10.00 duplicate certificate of ownership fee; and the \$10.00 fee for the issuance of a new certificate of title following the release of a lien. Other distributions to other state special revenue accounts (and county general fund) are: \$10 of the \$30 donation fee for collegiate license plates to the student academic scholarship fund or foundation of the named institution; the annual donation fee of \$20 for motorcycle or quadricycles specialty license plates for grants to chronically or critically ill children; \$5 of the \$15 administrative fee for generic specialty license plates to the county general fund; the \$15 surcharge for sponsoring a generic patriotic license plate for the construction, maintenance, operation, and administration of state veterans' cemeteries; and the optional \$4 fee for parks. With the enactment of HB 671 by the 2005 Legislature, revenue from the newly enacted temporary registration fees of \$3 and \$8 are deposited in a non-budgeted enterprise fund. SB 508 enacted by the 2009 Legislature created an online vehicle insurance verification system funded by new fees, increased existing fees, and earmarking of existing fees.

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Distribution Chart:



Collection Frequency: The various fees are generally collected on a monthly basis.

% of Total General Fund Revenue:

FY 2004 – 2.22%	FY 2007 – 1.03%	FY 2010 – 0.88%
FY 2005 – 2.00%	FY 2008 – 1.07%	FY 2011 – 0.83%
FY 2006 – 1.24%	FY 2009 – 0.85%	FY 2012 – 0.86%

Revenue Estimate Methodology:

Data

The data used to estimate the motor vehicle (MV) fees are obtained from the state accounting system (SABHRS) and IHS.

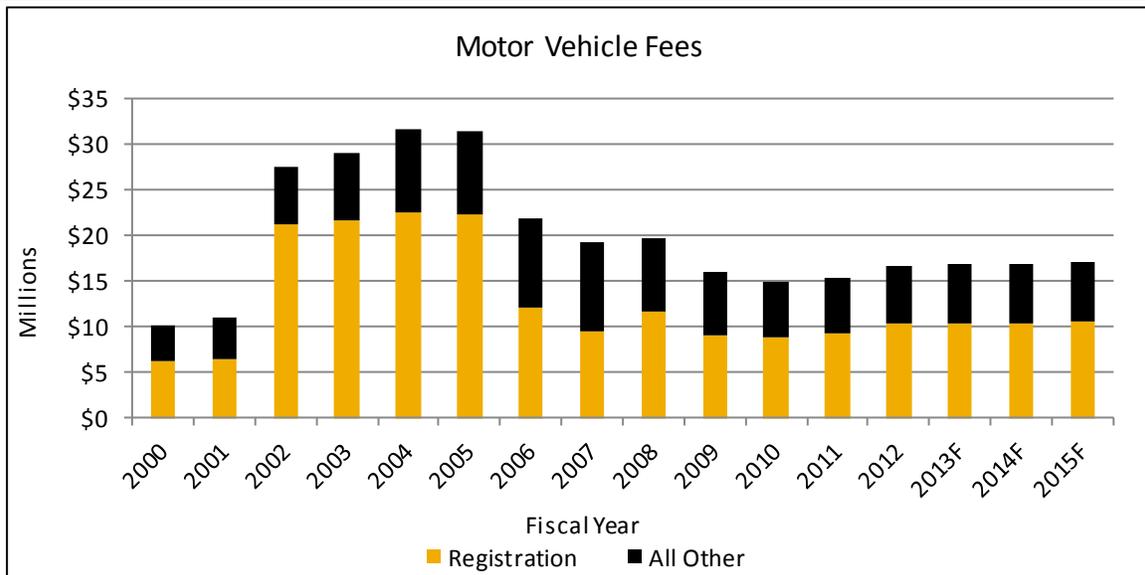
Analysis

MV fees are currently imposed at different rates on eight major categories. Included in the fees assessed on motor vehicles in Montana are registration fees, two types of record liens, title fees, personal and new plate fees, senior transit fees, and veteran’s administration fees. The ninth category is made up of other miscellaneous fees assessed on motor vehicles. As shown in the figure below, the collection of motor vehicle fees has been highly variable since FY 2000. The figure below also shows the impact of the reduction and subsequent change in classifying vehicle registration fee revenue as vehicle tax revenue in FY 2006 and FY 2007. This change in the vehicle registration fees is the combined impact of SB 285 and HB 671, both implemented in the 2005 session. However, since registration fee revenues are now recorded as vehicle taxes, the net change to total revenues is zero.

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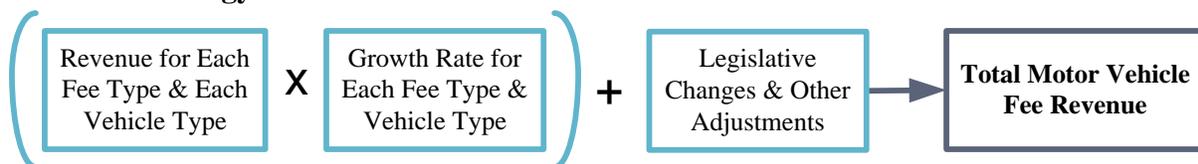


With constant fees, the future change in MV fees results from change in the vehicle stock in Montana. Because fee payments are directly connected to the number of vehicles in the state, estimates for the MV fees are made by applying estimated growth rates to the previous year revenue. Growth rates for the stock of Montana vehicles are modeled on IHS estimates for the national and Montana-specific vehicle stock and new car sales nationwide. The growth rate is applied to the base year revenues of each fee category and projected forward at the same rate for all estimated fiscal years. The estimated tax collections of each category are then combined to create the total estimates for the MV fees.

Adjustments

For the current estimates, no adjustments are required.

Forecast Methodology:



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Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	GF Fee Registration	GF Fee Record	GF Fee Titles	GF Fee Personal	GF Fee VA Cemetery
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	27.457	27.271	21.180	0.728	2.353	1.270	
Actual	2003	28.906	28.352	21.712	0.696	2.442	1.354	
Actual	2004	31.602	30.724	22.577	0.737	2.660	1.492	
Actual	2005	31.362	30.640	22.231	0.717	2.608	1.508	
Actual	2006	21.903	21.195	12.085	0.688	2.369	1.418	0.233
Actual	2007	19.141	18.401	9.452	0.699	2.495	1.364	0.231
Actual	2008	19.616	18.995	11.677	0.719	2.464	1.336	0.193
Actual	2009	15.905	15.345	9.114	0.526	2.126	1.219	0.183
Actual	2010	14.917	14.377	8.826	0.545	2.156	1.233	0.185
Actual	2011	15.353	14.814	9.283	0.538	2.286	1.230	0.189
Actual	2012	16.643	16.084	10.242	0.559	2.387	1.246	0.195
Forecast	2013	16.767	16.204	10.319	0.563	2.405	1.255	0.197
Forecast	2014	16.882	16.315	10.390	0.567	2.422	1.264	0.198
Forecast	2015	16.999	16.428	10.461	0.571	2.438	1.273	0.200

	t	GF Fee New Plate	GF Fee Computer	GF Fee \$.25	GF Fee Other	GF Fee Transit	Non GF Fee Lien	Adjustments
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	0.525	-0.001	0.024	1.084	0.109	0.186	
Actual	2003	0.492	0.000	0.000	1.221	0.435	0.554	
Actual	2004	0.910	0.000	0.000	1.559	0.394	0.878	
Actual	2005	1.192	0.000	0.000	1.468	0.373	0.722	0.000
Actual	2006	2.865	0.000	0.000	1.335	0.203	0.708	0.000
Actual	2007	3.102	0.000	0.000	1.057	0.000	0.740	0.000
Actual	2008	1.493	0.000	0.000	1.113	0.000	0.621	0.000
Actual	2009	1.278	0.000	0.000	0.899	0.000	0.560	0.000
Actual	2010	0.660	0.000	0.000	0.772	0.000	0.540	0.000
Actual	2011	0.529	0.000	0.000	0.759	0.000	0.538	0.000
Actual	2012	0.554	0.000	0.000	0.900	0.000	0.559	0.000
Forecast	2013	0.558	0.000	0.000	0.907	0.000	0.563	0.000
Forecast	2014	0.562	0.000	0.000	0.913	0.000	0.567	0.000
Forecast	2015	0.566	0.000	0.000	0.919	0.000	0.571	0.000

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	t	GF Fee Registration	GF Fee Record	GF Fee Titles	GF Fee Personal	GF Fee New Plate	GF Fee Other	GF Fee VA Cemetery
	<u>Fiscal</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>
Actual	2002	232.6%	14.5%	82.4%	78.1%	-65.9%	196.8%	
Actual	2003	2.5%	-4.3%	3.8%	6.6%	-6.3%	12.7%	
Actual	2004	4.0%	5.9%	9.0%	10.2%	85.1%	27.6%	
Actual	2005	-1.5%	-2.8%	-2.0%	1.1%	30.9%	-5.8%	37.9%
Actual	2006	-45.6%	-4.0%	-9.2%	-6.0%	140.5%	-9.1%	-57.2%
Actual	2007	-21.8%	1.5%	5.3%	-3.8%	8.3%	-20.8%	-0.8%
Actual	2008	23.5%	2.9%	-1.3%	-2.1%	-51.9%	5.3%	-16.5%
Actual	2009	-22.0%	-26.9%	-13.7%	-8.7%	-14.4%	-19.3%	-4.9%
Actual	2010	-3.2%	3.7%	1.4%	1.1%	-48.3%	-14.2%	1.0%
Actual	2011	5.2%	-1.3%	6.0%	-0.2%	-19.9%	-1.6%	2.2%
Actual	2012	10.3%	3.9%	4.4%	1.3%	4.7%	18.6%	3.2%
Forecast	2013	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Forecast	2014	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Forecast	2015	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%

	t	GF Fee New Plate	GF Fee Computer	GF Fee \$0.25	GF Fee Other	GF Fee Transit	Non GF Fee Lien
	<u>Fiscal</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>
Actual	2002	-65.9%	-100.1%	-92.1%	196.8%		
Actual	2003	-6.3%	-100.0%	-100.0%	12.7%	300.4%	-4.3%
Actual	2004	85.1%			27.6%	-9.4%	5.9%
Actual	2005	30.9%			-5.8%	-5.5%	-2.8%
Actual	2006	140.5%			-9.1%	-45.6%	-4.0%
Actual	2007	8.3%			-20.8%	-100.0%	1.5%
Actual	2008	-51.9%			5.3%		2.9%
Actual	2009	-14.4%			-19.3%		-26.9%
Actual	2010	-48.3%			-14.2%		3.7%
Actual	2011	-19.9%			-1.6%		-1.3%
Actual	2012	4.7%			18.6%		3.9%
Forecast	2013	0.7%			0.7%		0.7%
Forecast	2014	0.7%			0.7%		0.7%
Forecast	2015	0.7%			0.7%		0.7%

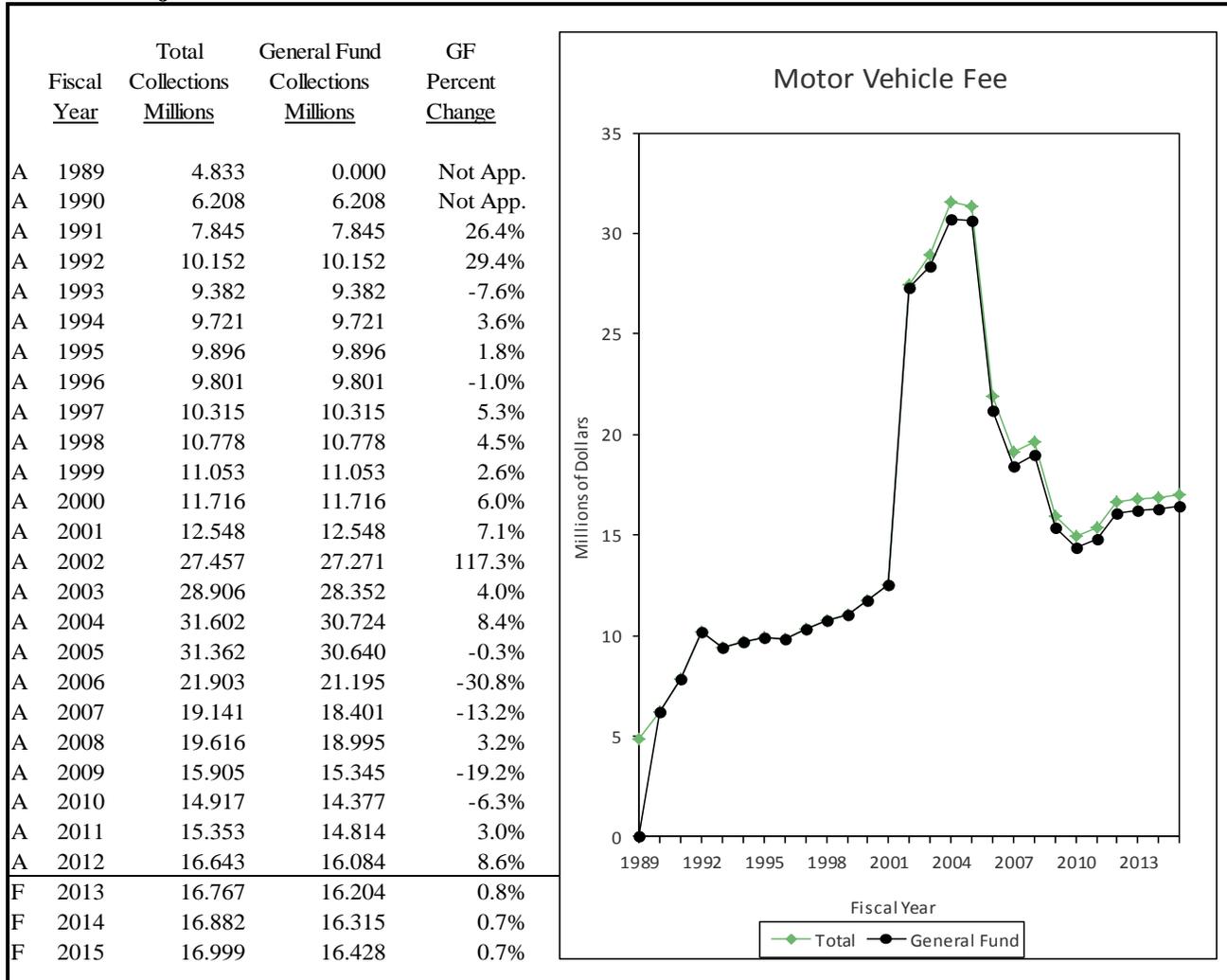
Total Tax = Registration + Record + Titles + Personal + New Plate + VA Cemetery + Other + Transit + Lien
 GF Tax = Total Tax - Lien

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Revenue Projection:



Data Source(s): SABHRS, Department of Justice

Contacts: Department of Justice