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# Legislative Fiscal Division

## Revenue Estimate Profile

### Vehicle Tax

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**Revenue Description:** Light vehicles, motorcycles and quadricycles, snowmobiles, buses, trucks, truck tractors having a manufacturer's rated capacity of more than 1 ton, motor homes, and certain trailers and travel trailers are taxed under a fee schedule that varies by age and weight.

**Statutory Reference:**

Tax Rate (MCA) – watercraft one-time (23-2-516), snowmobiles one-time (23-2-626), OHV one-time (23-2-803), vehicle registrations (61-3-321), vehicles greater than 1 ton (61-3-529)

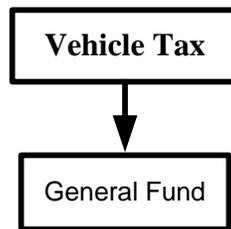
Tax Distribution (MCA) – watercraft (23-2-518), snowmobiles (23-2-619(7)), OHV (23-2-803), vehicle registrations (61-3-321(16)), motorcycles and quadricycles registrations (61-3-509), motor homes registrations (61-3-509), vehicles greater than 1 ton registrations (61-3-509)

Date Due – County treasurers remit the revenue to the Department of Revenue every 30 days (15-1-504 & 61-3-509).

**Applicable Tax Rate(s):** Varies

**Distribution:** All fees-in-lieu-of-tax are deposited in the general fund.

Distribution Chart:



**Collection Frequency:** Monthly

**% of Total General Fund Revenue:**

FY 2004 – 6.05%	FY 2007 – 5.51%	FY 2010 – 5.50%
FY 2005 – 5.23%	FY 2008 – 5.26%	FY 2011 – 5.64%
FY 2006 – 5.39%	FY 2009 – 4.94%	FY 2012 – 5.34%

**Revenue Estimate Methodology:**

Data

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

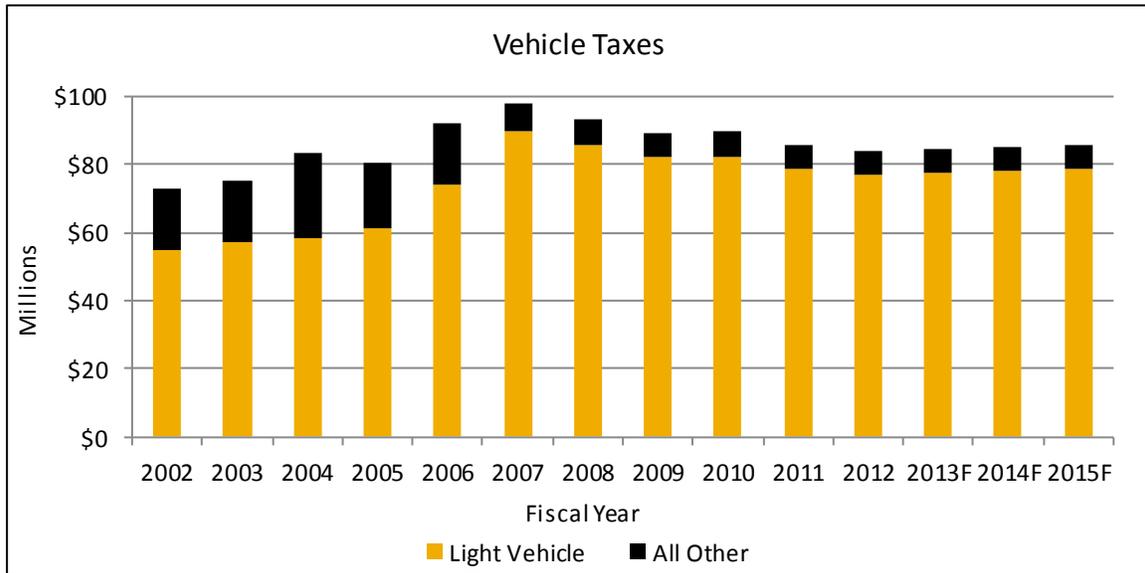
Analysis

Vehicle taxes are currently imposed at different rates on five categories of vehicles (tax schedule varies by age and weight) including light vehicles, large trucks, motor homes, motor cycles (including tri-cycles), and boats and snowmobiles. As shown in the figure below, the taxes have increased at a slow rate since FY 2002. The figure below also shows greater rate of growth for light vehicle taxes in FY 2006 and FY 2007. This growth results from the legislative impacts of SB 285 and HB 671, both implemented in the 2005 session.

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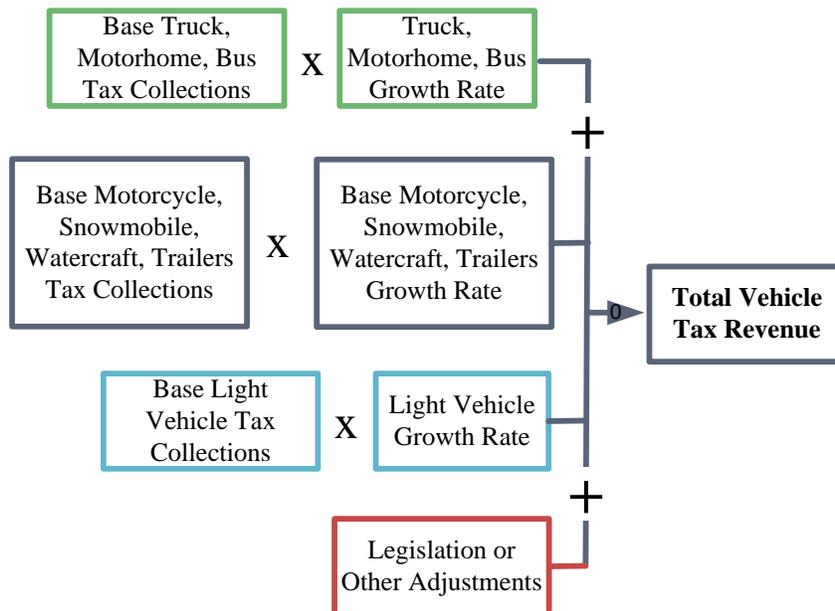
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With constant fees, the future change in vehicle tax revenue results from change in the vehicle stock in Montana. Because taxes are directly connected to the number of vehicles in the state, estimates are made by applying estimated growth rates to 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 and projected forward at the same rate for the forecast period.

#### Forecast Methodology:



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#### Revenue Estimate Assumptions:

	t	Total Tax	GF Tax	Non-GF Tax	Legislation
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	73.092	73.127	-0.036	0.000
Actual	2003	75.186	75.185	0.001	0.000
Actual	2004	83.607	83.607	0.000	0.000
Actual	2005	80.132	80.132	0.000	0.000
Actual	2006	92.097	92.097	0.000	0.000
Actual	2007	98.070	98.070	0.000	0.000
Actual	2008	93.493	93.493	0.000	0.000
Actual	2009	89.335	89.335	0.000	0.000
Actual	2010	89.485	89.485	0.000	0.000
Actual	2011	85.762	85.762	0.000	0.000
Actual	2012	83.871	83.871	0.000	0.000
Forecast	2013	84.497	84.497	0.000	0.000
Forecast	2014	85.078	85.078	0.000	0.000
Forecast	2015	85.668	85.668	0.000	0.000

	t	Large Truck	Motor Home	Light Vehicle	Boats/Snow	MCO Registration	District Courts
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2002	5.384	3.607	54.602	2.076	7.459	-0.036
Actual	2003	5.117	3.342	56.961	2.196	7.569	0.000
Actual	2004	8.562	4.485	58.457	3.980	8.122	0.000
Actual	2005	4.433	3.835	60.940	2.369	8.555	0.000
Actual	2006	5.577	5.236	73.980	2.325	4.980	0.000
Actual	2007	3.024	4.000	89.575	1.470	0.001	0.000
Actual	2008	2.779	3.743	85.624	1.347	0.000	0.000
Actual	2009	2.668	3.216	82.259	1.191	0.000	0.000
Actual	2010	2.584	3.489	82.212	1.199	0.000	0.000
Actual	2011	2.726	3.460	78.443	1.133	0.000	0.000
Actual	2012	2.745	3.035	76.880	1.211	0.000	0.000
Forecast	2013	2.765	3.058	77.454	1.220	0.000	0.000
Forecast	2014	2.784	3.079	77.986	1.228	0.000	0.000
Forecast	2015	2.804	3.100	78.527	1.237	0.000	0.000

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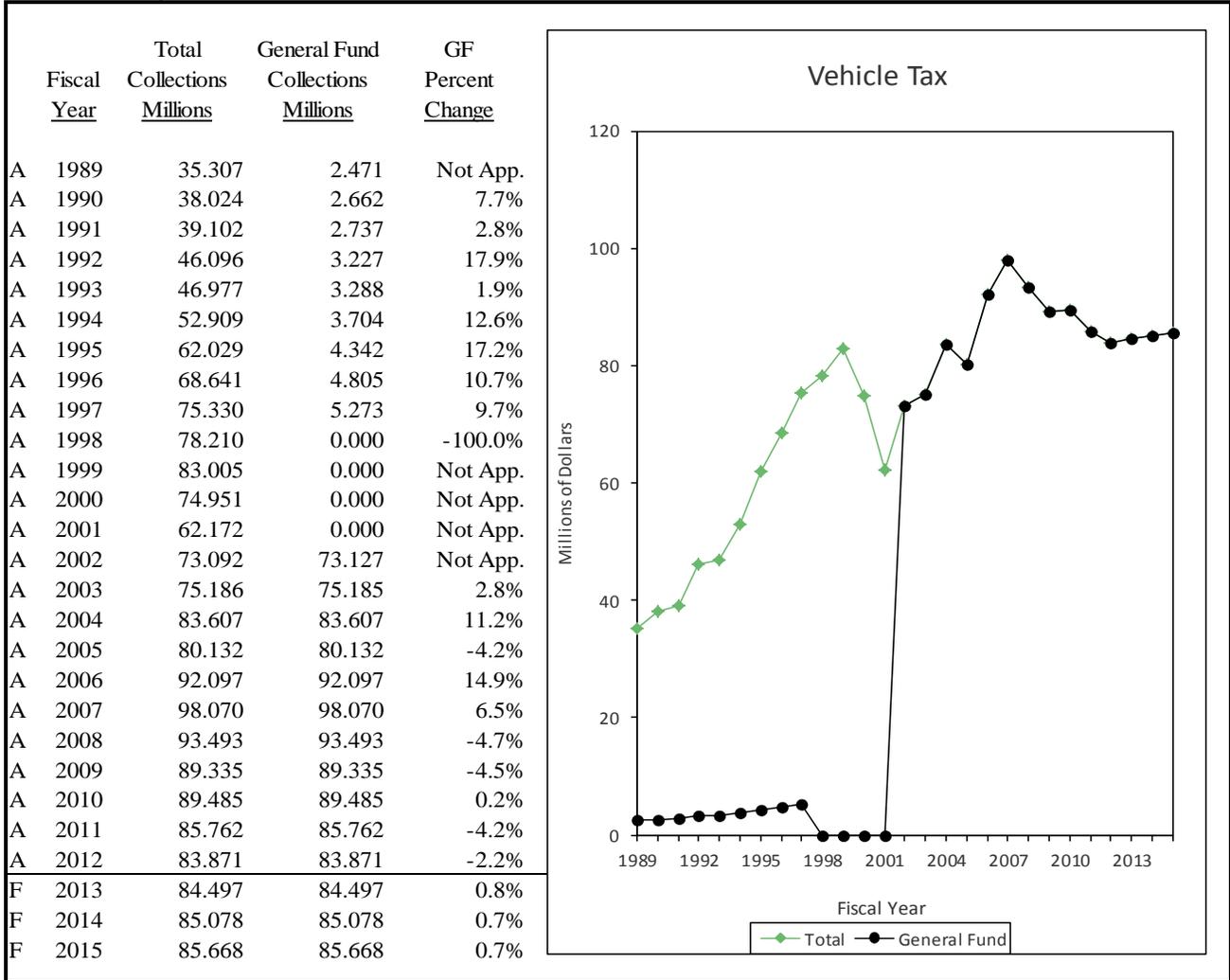
	t	Large Truck	Motor Home	Light Vehicle	Boats/ Snow	MCO Registration		
	<u>Fiscal</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>		
Actual	2002							
Actual	2003	-5.0%	-7.3%	4.3%	5.8%	1.5%		
Actual	2004	67.3%	34.2%	2.6%	81.2%	7.3%		
Actual	2005	-48.2%	-14.5%	4.2%	-40.5%	5.3%		
Actual	2006	25.8%	36.5%	21.4%	-1.8%	-41.8%		
Actual	2007	-45.8%	-23.6%	21.1%	-36.8%	-100.0%		
Actual	2008	-8.1%	-6.4%	-4.4%	-8.4%	-100.0%		
Actual	2009	-4.0%	-14.1%	-3.9%	-11.6%			
Actual	2010	-3.1%	8.5%	-0.1%	0.7%			
Actual	2011	5.5%	-0.8%	-4.6%	-5.5%			
Actual	2012	0.7%	-12.3%	-2.0%	6.9%			
Forecast	2013	0.7%	0.7%	0.7%	0.7%			
Forecast	2014	0.7%	0.7%	0.7%	0.7%			
Forecast	2015	0.7%	0.7%	0.7%	0.7%			
Total Tax = Large Trucks + Motor Home + Light Vehicle + Boats/Snow + MCO Registration								
GF Tax = Total Tax								

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**Revenue Projection:**



**Data Source(s):** Department of Justice, SABHRS

**Contacts:** Department of Justice