



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2021 Biennium

**Bill #** SB0024

**Title:** Increase optional light motor vehicle registration fee for parks and recreation

**Primary Sponsor:** Gauthier, Terry

**Status:** As Amended in Senate Committee

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$720	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$944,312	\$948,096
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$998,691	\$2,005,385	\$2,013,421	\$2,021,488
<b>Net Impact-General Fund Balance:</b>	<u>(\$720)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** SB 24 increases the optional fee residents pay on their light vehicle registration for state parks, fishing access sites, and the operation of state-owned facilities. The current fee is increased from \$6 to \$9. The bill also creates a new recreation trails grant program to be administered by the Department of Fish, Wildlife and Parks (FWP). This program will receive a portion of the \$9 registration fee.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Fish, Wildlife & Parks (FWP)**

1. The Department of Justice (DOJ) currently collects a \$6 opt-out light motor vehicle registration fee which is directed to state parks, fishing access sites, and Virginia City/Nevada City.
2. SB 24 increases this fee from \$6 to \$9 effective January 1, 2020.
3. The \$3 increase directs additional funds to state parks, fishing access sites, and Virginia/Nevada cities. A portion of the fee will be used to fund a newly created trails and recreational facilities grant program.
4. Future total fiscal year light vehicle registrations are estimated by OBPP.

5. Based on DOJ Motor Vehicle Division data for FY 2015 – FY 2018, approximately 77% of light vehicle registrations pay the \$6 state park fee.
6. The higher fee is assumed to reduce participation slightly to 76%.
7. Total fee revenue is expected to rise by about \$2,000,000 per year starting in FY 2021. The fiscal impact is less in FY 2020 due to the bill’s January 1, 2020 effective date.
8. The portion of the fee distributed to Virginia/Nevada Cities (\$0.39) increases by \$0.01 with the new \$9 fee.
9. The following table shows a breakdown of the fiscal impact of SB 24.

<b>Fiscal Impact of SB 24</b>				
<b>Current Law</b>	<b>FY 2020*</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Light Vehicle Registrations	449,861	903,327	906,946	910,580
Opt-In Participation Rate	77%	77%	77%	77%
Fee Amount	\$6.00	\$6.00	\$6.00	\$6.00
Total Fee Revenue	\$2,078,356	\$4,173,369	\$4,190,092	\$4,206,881
State Parks (\$5.37)	\$1,860,129	\$3,735,165	\$3,750,132	\$3,765,159
Fishing Access Sites (\$0.25)	\$86,598	\$173,890	\$174,587	\$175,287
Virginia/Nevada Cities (\$0.38)	\$131,629	\$264,313	\$265,372	\$266,436
<b>Proposed Law</b>				
Light Vehicle Registrations	449,861	903,327	906,946	910,580
Opt-In Participation Rate	76%	76%	76%	76%
Fee Amount	\$9.00	\$9.00	\$9.00	\$9.00
Total Fee Revenue	\$3,077,047	\$6,178,754	\$6,203,512	\$6,228,370
State Parks (\$6.74)	\$2,304,366	\$4,627,200	\$4,645,741	\$4,664,357
Fishing Access Sites (\$0.50)	\$170,947	\$343,264	\$344,640	\$346,021
Virginia/Nevada Cities (\$0.39)	\$133,339	\$267,746	\$268,819	\$269,896
Trails and Rec. Facilities (\$1.37)	\$468,395	\$940,544	\$944,312	\$948,096
<b>Fiscal Impact</b>				
Total Fee Revenue	\$998,691	\$2,005,385	\$2,013,421	\$2,021,488
State Parks	\$444,237	\$892,035	\$895,609	\$899,198
Fishing Access	\$84,349	\$169,374	\$170,052	\$170,734
Virginia/Nevada Cities	\$1,709	\$3,433	\$3,446	\$3,460
Trails and Rec. Facilities	\$468,395	\$940,544	\$944,312	\$948,096


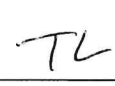
\* FY 2020 numbers reflect January 1, 2020 effective date

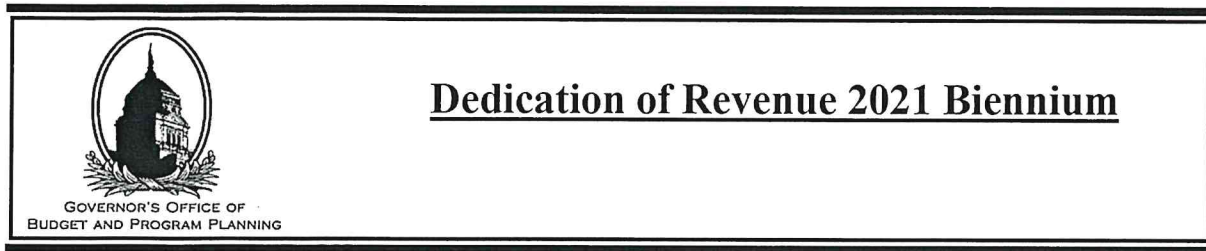
10. By 2022 FWP will develop rules to implement the trails and recreational facilities grant program.
11. Section 2(5) provides a three-year period for grants to be fully expended. Authority for a multi-year grant program for trails and recreational facilities would be included in the long-range building request.
12. FWP will develop a request for the 2021 session for 0.50 FTE to administer the new grant program. The Parks Division has neither the staff nor funding to administer the program and the bill provides no clear provision for funding costs associated with administering the grant program.

**Department of Justice (DOJ)**

13. DOJ will need to contract resources at an hourly rate of \$120 per hour and will require 6 hours to complete changes to MERLIN for a total cost of \$720.

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$720	\$0	\$0	\$0
Grants (LRBP)	\$0	\$0	\$944,312	\$948,096
<b>TOTAL Expenditures</b>	<u>\$720</u>	<u>\$0</u>	<u>\$944,312</u>	<u>\$948,096</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$720	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$944,312	\$948,096
<b>TOTAL Funding of Exp.</b>	<u>\$720</u>	<u>\$0</u>	<u>\$944,312</u>	<u>\$948,096</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$998,691	\$2,005,385	\$2,013,421	\$2,021,488
<b>TOTAL Revenues</b>	<u>\$998,691</u>	<u>\$2,005,385</u>	<u>\$2,013,421</u>	<u>\$2,021,488</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$720)	\$0	\$0	\$0
State Special Revenue (02)	\$998,691	\$2,005,385	\$1,069,109	\$1,073,392


2-26-2019

2/26/19  
 Sponsor's Initials                      Date                      Budget Director's Initials                      Date



17-1-507, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**

Yes. Any person or entity that opts-out of the fee but still accesses trails.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

Use of a special revenue fund allows the agency to track revenue and expenditures specifically dedicated to recreation trails grant program.

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain) Yes.**

- d) **Does the need for this state special revenue provision still exist?  Yes  No (Explain)**

In order for the agency to accurately track the revenue and expenditures a separate fund is needed.

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

No. The fund is subject to legislative review and appropriation.

- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**

If SB 24 passes, the legislature has recognized the need for a recreation trails grant program. This fund allows FWP to appropriately account for these funds

- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**

The dedicated revenue provision ensures FWP utilizes the dedicated revenue as the legislature intended with the passage of the bill.