



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 Introduced

- 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>
Expenditures:				
General Fund	\$67,258	\$64,458	\$65,425	\$66,407
State Special Revenue	\$471,814	\$947,409	\$951,205	\$955,017
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$998,691	\$2,005,385	\$2,013,421	\$2,021,488
Net Impact-General Fund Balance:	<u>(\$67,258)</u>	<u>(\$64,458)</u>	<u>(\$65,425)</u>	<u>(\$66,407)</u>

Description of fiscal impact:

Senate Bill 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 and fishing access sites. 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 (\$0.38) does not change with the new \$9 fee. Because of this, the slight drop in the percent of registrations paying the fee will cause a reduction in revenue to Virginia/Nevada Cities.
9. The following table shows a breakdown of the fiscal impact of SB 24.

Fiscal Impact of SB 24				
Current Law	FY 2020*	FY 2021	FY 2022	FY 2023
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
Proposed Law				
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 (\$0.38)	\$129,920	\$260,881	\$261,926	\$262,976
Trails and Rec. Facilities (\$1.38)	\$471,814	\$947,409	\$951,205	\$955,017
Fiscal Impact				
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	\$471,814	\$947,409	\$951,205	\$955,017

* FY 2020 numbers reflect January 1, 2020 effective date

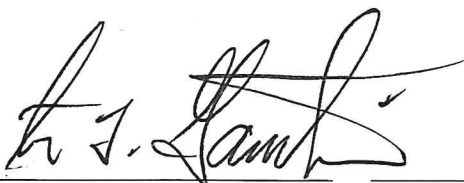
10. In FY 2020, FWP will develop rules to implement the trails and recreational facilities grant program and will award grants by fiscal year end.
11. Section 2(5) provides a three-year period for grants to be fully expended. Authority for a multi-year grant program for trails and recreational facilities would be included in the long-range building request.
12. It will require 0.50 FTE to administer the new grant program. The parks division has neither the staff nor the funding to administer the program and the bill provides no provision for funding the costs associated with

administering the grant program. Section 1(3) states the money in the account may only be used by FWP to provide grants. Therefore, general fund is assumed to fund the expenses.

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>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$44,458	\$44,458	\$45,125	\$45,802
Operating Expenses	\$21,600	\$20,000	\$20,300	\$20,605
Equipment	\$1,200	\$0	\$0	\$0
Benefits	\$0	\$0	\$0	\$0
Grants (LRBP)	\$471,814	\$947,409	\$951,205	\$955,017
TOTAL Expenditures	<u>\$539,072</u>	<u>\$1,011,867</u>	<u>\$1,016,630</u>	<u>\$1,021,424</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$67,258	\$64,458	\$65,425	\$66,407
State Special Revenue (02)	\$471,814	\$947,409	\$951,205	\$955,017
TOTAL Funding of Exp.	<u>\$539,072</u>	<u>\$1,011,867</u>	<u>\$1,016,630</u>	<u>\$1,021,424</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$998,691	\$2,005,385	\$2,013,421	\$2,021,488
TOTAL Revenues	<u>\$998,691</u>	<u>\$2,005,385</u>	<u>\$2,013,421</u>	<u>\$2,021,488</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$67,258)	(\$64,458)	(\$65,425)	(\$66,407)
State Special Revenue (02)	\$526,877	\$1,057,976	\$1,062,216	\$1,066,471



Sponsor's Initials


Date



Budget Director's Initials

1/4/19

Date

 <p>GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING</p>	<h2><u>Dedication of Revenue 2021 Biennium</u></h2>
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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.