



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0247

Title: Revise motor vehicle fleet registration

Primary Sponsor: Bertoglio, Marta

Status: As Introduced

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$4,800	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$466,067)	(\$1,962,726)	(\$3,110,272)	(\$3,206,844)
State Special Revenue	(\$13,982)	(\$270,511)	(\$540,995)	(\$567,664)
Net Impact-General Fund Balance:	(\$470,867)	(\$1,962,726)	(\$3,110,272)	(\$3,206,844)

Description of fiscal impact: HB 247 changes the number of vehicles considered as a fleet from 100 to 10. It also allows the Department of Justice to create a special permanent fleet registration decal. Issuance of the decal allows fleet vehicles to become permanently registered regardless of age and allows fleet vehicles to use sponsor plates. It also requires the option of a decal for fleet vehicles in lieu of a fleet license plate.

FISCAL ANALYSIS

Assumptions:

Department of Justice

1. It will take approximately 40 hours of programming at a contracted rate of \$120/hour to make the required changes in the MERLIN system to accommodate the fleet decal, the ability to use a sponsor plate and permanently register a fleet vehicle regardless of age (40 hours * \$120.hour contracted rate = \$4,800).
2. The combination of reducing the fleet size from 100 to 10 vehicles and allowing a decal for permanent registration of a fleet vehicle regardless of age will affect motor vehicle registration and fee revenue collected by state and local government.

3. Motor vehicle division data reveals that there are numerous entities that have enough Montana vehicles registered in their name to qualify for fleet status under the provisions of HB 247. Details about these entities are not readily accessible as they are not individually identifiable in the motor vehicle division data.
4. A share of these fleet-owning entities are likely rental car agencies that are exempt from motor vehicle registration renewal requirements (61-3-313(1)(b), MCA). The fiscal impact calculations do not include rental fleet vehicles.
5. There is estimated to be 23,891 vehicles eligible to permanently register as a member of a 10+ vehicle fleet in FY 2022. These are vehicles that would otherwise have to pay an annual registration fee based on the vehicle’s age, not only in FY 2022, but in each year following until the vehicle reaches the 11-year permanent registration threshold in current law.
6. There will be a large stock of newly classified fleet vehicles that will permanently register in FY 2022 and FY 2023 in lieu of paying annual fees. Once this initial stock is permanently registered, permanent registrations of fleet vehicles will consist only of new entrants to vehicle fleets each year starting in FY 2024.
7. The bill does not have an effective date. Since it is a bill relating to motor vehicle fees, an effective date of January 1, 2022 is employed per 1-2-201, MCA.
8. Since the bill is effective halfway through FY 2022, half of the vehicle stock eligible for fleet permanent registration will register permanently in FY 2022 and the other half will do so in FY 2023.
9. The following table outlines the general fund fiscal impact of HB 247.

General Fund Impact of HB 247				
	FY 2022	FY 2023	FY 2024	FY 2025
Fleet Vehicles Registering Permanently	11,946	13,325	1,342	1,300
Permanent Registration Fee	\$87.50	\$87.50	\$87.50	\$87.50
Revenue from Fleet Permanent Registrations	\$1,045,243	\$1,165,897	\$117,414	\$113,758
Vehicles Not Paying Annual Registration Fee	11,946	25,270	26,612	27,912
Weighted Average Registration Fee Forgone	\$127	\$124	\$121	\$119
Annual Registration Revenue Forgone	-\$1,511,310	-\$3,128,623	-\$3,227,686	-\$3,320,602
Net General Fund Revenue Impact	-\$466,067	-\$1,962,726	-\$3,110,272	-\$3,206,844

10. There will be a decrease in state special revenue from forgone annual payments of the \$9 state park fee, the \$10 fee for funding Montana highways patrol officers’ retirement, and the 3% administrative fee the motor vehicle division charges on registrations. The table below summarizes the state special revenue impact.

State Special Revenue Impact of HB 247				
	FY 2022	FY 2023	FY 2024	FY 2025
MVD administration fee	-\$13,982	-\$65,046	-\$106,348	-\$109,937
MHPO fund fee		-\$119,456	-\$252,702	-\$266,121
State park fee		-\$86,009	-\$181,945	-\$191,607
State Special Revenue Impact	-\$13,982	-\$270,511	-\$540,995	-\$567,664

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services	\$4,800	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
TOTAL Expenditures	<u>\$4,800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$4,800	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$4,800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	(\$466,067)	(\$1,962,726)	(\$3,110,272)	(\$3,206,844)
State Special Revenue (02)	(\$13,982)	(\$270,511)	(\$540,995)	(\$567,664)
TOTAL Revenues	<u>(\$480,049)</u>	<u>(\$2,233,237)</u>	<u>(\$3,651,267)</u>	<u>(\$3,774,508)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$470,867)	(\$1,962,726)	(\$3,110,272)	(\$3,206,844)
State Special Revenue (02)	(\$13,982)	(\$270,511)	(\$540,995)	(\$567,664)

Effect on County or Other Local Revenues or Expenditures:

1. Upon permanent registration, vehicles are required to pay five times the amount of annual county option tax. Insofar as a vehicle remains in the fleet for more than five years, counties will see reduced revenue from forgone annual payments of county option taxes.

NOT SIGNED BY SPONSOR

_____ 2/4/21 _____ KA _____ 2/2/21
 Sponsor's Initials Date Budget Director's Initials Date