



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

<b>Bill #</b>	HB0272	<b>Title:</b>	Generally revise motor vehicle laws
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<b>Primary Sponsor:</b>	Stromswold, Mallerie	<b>Status:</b>	As Introduced
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- 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

	<b><u>FY 2022</u></b> <b><u>Difference</u></b>	<b><u>FY 2023</u></b> <b><u>Difference</u></b>	<b><u>FY 2024</u></b> <b><u>Difference</u></b>	<b><u>FY 2025</u></b> <b><u>Difference</u></b>
<b>Expenditures:</b>				
General Fund	\$3,600	\$0	\$0	\$0
State Special Revenue	(\$932,349)	(\$2,496,780) ▽	(\$2,570,392) ▽	(\$2,603,425)
<b>Revenue:</b>				
General Fund	▽ (\$339,036)	▽ (\$907,920)	▽ (\$934,688)	▽ (\$946,700)
State Special Revenue	▽ (\$1,406,999)	▽ (\$3,767,868)	▽ (\$3,878,955)	▽ (\$3,928,805)
<b>Net Impact-General Fund Balance:</b>	<u>(\$342,636)</u>	<u>(\$907,920)</u>	<u>(\$934,688)</u>	<u>(\$946,700)</u>

**Description of fiscal impact:** This bill allows customers to pay up to 5 years of appropriate vehicle registration fees in advance. The bill also eliminates the automatic replacement of license plates after 5 years per 61-3-332 (3a)(ii), MCA, which will result in a revenue reduction.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Justice:**

- The bill is effective January 1, 2022 so revenue numbers for the FY 2022 are half of a fiscal year.
- The bill allows customers to make an election to pre-pay up to 5 years of vehicle registrations. This is a customer decision and not considered for purposes of this fiscal note.
- Based on industry research consumers on average replace their vehicles every 11.5 years.
- In FY 2017, there were 339,036 transactions resulting in issuance of new license plates. New license plate transactions require a fee of \$10. Of the \$10 total fee, \$2 goes to the general fund and \$8 goes to the Motor Vehicles Division (MVD) state special revenue fund.

5. With the elimination of the 5-year license plate replacement, it is assumed in FY 2022 the change in current law will result in a revenue loss as follows:
  - a. General fund reduction of \$339,036. (general fund reduction of  $\$2 * 339,036$  transactions /2 for half a fiscal year).
  - b. State special revenue (SSR) reduction of \$1,356,144. (SSR reduction of  $\$8 * 339,036$  transactions / 2 for half a fiscal year)
6. In FY 2018, there were 453,960 applicable transactions that would have been at the 5-year replacement cycle in FY 2023, resulting in a revenue loss as follows:
  - a. General fund reduction of \$907,920 (general fund reduction of  $\$2 * 453,960$  transactions).
  - b. State special revenue (SSR) reduction of \$3,631,680 (SSR reduction of  $\$8 * 453,960$  transactions).
7. In FY 2019, there were 467,344 applicable transactions that would have been at the 5-year replacement cycle in FY 2024, resulting in a revenue loss as follows:
  - a. General fund reduction of \$934,688 (general fund reduction of  $\$2 * 467,344$  transactions).
  - b. State special revenue (SSR) reduction of \$3,738,752 (SSR reduction of  $\$8 * 467,344$  transactions).
8. In FY 2020, there were 473,350 applicable transactions that would have been at the 5-year replacement cycle in FY 2025, resulting in a revenue loss as follows:
  - a. General fund reduction of \$946,700 (general fund reduction of  $\$2 * 473,350$  transactions).
  - b. State special revenue (SSR) reduction of \$3,786,800 (SSR reduction of  $\$8 * 473,350$  transactions).
9. MVD collects a 3% Admin fee. The loss of revenue will be as follows:
  - a. FY 2022 loss \$50,855 (General fund loss of  $\$339,036 + \$1,356,144$  SSR loss \* .03 fee)
  - b. FY 2023 loss \$136,188 (General fund loss of  $\$907,920 + \$3,631,680$  SSR loss \* .03 fee)
  - c. FY 2024 loss \$140,203 (General fund loss of  $\$934,688 + \$3,738,752$  SSR loss \* .03 fee)
  - d. FY 2025 loss \$142,005 (General fund loss of  $\$946,700 + \$3,786,800$  SSR loss \* .03 fee)
10. MVD pays Montana Correctional Enterprise \$5.50 for each plate produced. With the elimination of the 5-year license plate replacement MVD expenditures will be reduced as follows:
  - a. FY 2022 savings of \$932,349 ( $339,036$  transactions \*  $\$5.50$  plate fee / 2 for half of fiscal year).
  - b. FY 2023 savings of \$2,496,780 ( $453,960$  transactions \*  $\$5.50$  plate fee)
  - c. FY 2024 savings of \$2,570,392 ( $467,344$  transactions \*  $\$5.50$  plate fee)
  - d. FY 2025 savings of \$2,603,425 ( $473,350$  transactions \*  $\$5.50$  plate fee)
11. MHP currently receives \$10 in revenue for each vehicle registered yearly. The department assumes that revenues will be higher in some years due to the adoption of increased registration periods. Over the long-term revenue implications will result in a net zero impact.
12. It is estimated that 30 hours of programming at \$120 per hour will be necessary to modify the registration processes in MERLIN and removing the 5-year plate replacement cycle for a total general fund cost of \$3,600.

**Montana Department of Transportation:**

13. MDT assumes apportioned vehicles are exempt from the five-year registration in HB 272 per 61-3-311(1), MCA.

**Department of Corrections:**

14. HB 272 could have a potential impact on the DOC if there are fewer plate sets ordered due to the changes proposed in this bill. The DOC is unable to determine how many replacement plate sets would be impacted under the proposed changes.
15. Fewer plates could increase the cost per plate due to fixed costs that would be amortized over fewer plates being produced.
16. A change to vehicle registration may result in costs related to the printing of the decals, however the difference would likely be negligible.

	<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>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	(\$928,749)	(\$2,496,780)	(\$2,570,392)	(\$2,603,425)
<b>TOTAL Expenditures</b>	<b>(\$928,749)</b>	<b>(\$2,496,780)</b>	<b>(\$2,570,392)</b>	<b>(\$2,603,425)</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$3,600	\$0	\$0	\$0
State Special Revenue (02)	(\$932,349)	(\$2,496,780)	(\$2,570,392)	(\$2,603,425)
<b>TOTAL Funding of Exp.</b>	<b>(\$928,749)</b>	<b>(\$2,496,780)</b>	<b>(\$2,570,392)</b>	<b>(\$2,603,425)</b>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$339,036)	(\$907,920)	(\$934,688)	(\$946,700)
State Special Revenue (02)	(\$1,406,999)	(\$3,767,868)	(\$3,878,955)	(\$3,928,805)
<b>TOTAL Revenues</b>	<b>(\$1,746,035)</b>	<b>(\$4,675,788)</b>	<b>(\$4,813,643)</b>	<b>(\$4,875,505)</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$342,636)	(\$907,920)	(\$934,688)	(\$946,700)
State Special Revenue (02)	(\$474,650)	(\$1,271,088)	(\$1,308,563)	(\$1,325,380)

**NOT SIGNED BY SPONSOR**

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Sponsor's Initials

2/8/21  
\_\_\_\_\_  
Date

KA  
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Budget Director's Initials

2/8/21  
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Date