



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0333 - Generally revise motorized recreation laws (Oblander, Greg)

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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$1,718	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$306,825)	(\$613,650)	(\$613,650)	(\$613,650)
State Special Revenue	\$4,984,535	\$10,050,502	\$10,135,688	\$10,218,933
Net Impact-General Fund Balance:	<u>(\$308,543)</u>	<u>(\$613,650)</u>	<u>(\$613,650)</u>	<u>(\$613,650)</u>

Description of fiscal impact: HB 333 adjusts the fine range for off-highway vehicle permit violations and redirects some of the fine revenue to the summer motorized recreation trail account in the state special revenue fund. The bill also changes the fee schedule for travel trailers and boats of certain lengths, and increases the fee associated with the issuance of new or replacement license plates. Lower fees for travel trailers and boats reduces general fund revenue. The higher fee for license plate issuances increases state special fund revenue.

FISCAL ANALYSIS

Assumptions:**Department of Justice**

- Section 5(9) of HB 333 reduces the registration fee for travel trailers with a length of at least 16 feet but less than 31 feet from \$152 to \$112, a decline of \$40. Revenue from travel trailer registration fees is deposited in the general fund.
- Data from the Motor Vehicle Division's MERLIN registration system informs the projection that 10,135 travel trailers within 16-31-foot length range will register each year during the period FY 2024 - FY 2027. The \$40 fee reduction associated with these registrations will reduce general fund revenue by \$405,400 per year.

3. Section 5(10) of the bill lowers the registration fee for boats (a broad term that includes motorboats, sailboats, personal watercraft, and motorized pontoons) with lengths greater than 19 feet but less than 21 feet from \$295.50 to \$125.50, a decline of \$170. Revenue from boat registration fees is deposited in the general fund.
4. It is estimated that 1,225 boats within lengths between 19 and 21 feet will register each year during the period FY 2024 – FY 2027. The \$170 fee reduction associated with these registrations will reduce general fund revenue by \$208,250 per year.
5. The lower registration fees for travel trailers and boats will also result in lower revenue from the 3% administrative fee provided for in 61-3-111, MCA that is deposited into the MVD administration account within the state special revenue fund. Revenue from this fee will decline by a total of \$18,410 per year due to the lower registration fees.
6. The estimated revenue reductions in assumptions 2, 4, and 5 are halved in FY 2024 because the bill is effective January 1, 2024, halfway through FY 2024.
7. Section 5(13) of the bill increases the fee charged for the issuance of new or replacement license plates from \$10 to \$30.
8. In FY 2022 MVD issued 480,993 new or replacement license plates. This number is projected to increase to 498,314 by FY 2027 when considering expected growth in Montana's population and vehicle stock. Growth in license plate issuances rises at the same rate as total motor vehicle fee revenue forecast in the HJ 2 revenue estimate.
9. The full amount of the \$20 fee increase for new and replacement license plates will be deposited in the vehicle insurance verification and license plate operating account within the state special revenue fund (the \$2 cut of this license plate fee that goes to the general fund is not affected by the bill). Revenue into the account rises by \$4.86 million in FY 2024 (due to the bill's January 1, 2024 effective date), \$9.80 million in FY 2025, \$9.89 million in FY 2026, and \$9.97 million in FY 2027.
10. Revenue from MVD's 3% administrative fee will increase because of the higher license plate fees by \$145,855 in FY 2024, \$294,083 in FY 2025, \$296,564 in FY 2026, and \$298,988 in FY 2027.
11. Implementing HB 333 will require 20 hours of programming modifications to MERLIN at a cost of \$39.20 per hour (20 X 39.20=\$784), 20 hours of testing from a Business Analyst at a cost of \$28.78 per hour (20 X 28.78= \$575.60), and 20 hours of Quality Assurance review at a cost of \$17.90 per hour (20 X \$17.90=\$358.00). Total programming and testing costs are \$1,718 in FY 2024.
12. The reduction in motor vehicle revenue deposited in the general fund resulting from the lower travel trailer and boat registration fees affects transfers made pursuant to 15-1-122, MCA, where a small portion of general fund motor vehicle revenue is allocated to a collection of state special revenue accounts. The motor vehicle recycling program account administered by the Department of Justice receives 1.48% of motor vehicle revenue deposited in the general fund. This account will experience a revenue decline due to the lowering of general fund motor vehicle revenue under HB 333 (see table 1).

Department of Fish, Wildlife, and Parks

13. This bill will increase the minimum fine for failure to obtain a trail pass from \$25 to \$40 for the resident summer motorized recreation trail pass, the nonresident temporary-use permit, and the winter trail pass. This increase is below the current bond amount set for each violation.
14. This bill will require half of the revenue collected from the fines from the resident summer motorized recreation trail pass and the nonresident temporary-use permit be deposited into the Fish, Wildlife and Parks summer motorized recreation trail account. Currently, all fines are deposited into the general fund.
15. In FY 2022 there was no revenue collected from these citations. We anticipate that very few citations will be issued in the future and any revenue will be negligible.
16. The reduction in motor vehicle revenue deposited in the general fund resulting from the lower travel trailer and boat registration fees affects transfers made pursuant to 15-1-122, MCA, where a small portion of general fund motor vehicle revenue is allocated to a collection of state special revenue accounts. Many of these accounts are administered by the Department of Fish, Wildlife, and Parks, and each of these accounts will

experience a revenue decline due to the lowering of general fund motor vehicle revenue under HB 333 (see table 1).

Table 1.

15-1-122, MCA, State Special Revenue Impacts of HB 333				
	FY 2024	FY 2025	FY 2026	FY 2027
Change in GF Motor Vehicle Revenue	(\$306,825)	(\$613,650)	(\$613,650)	(\$613,650)
Fiscal Impact				
Motor Vehicle Recycling Program	(\$4,541)	(\$9,082)	(\$9,082)	(\$9,082)
Noxious Weed Account	(\$4,602)	(\$9,205)	(\$9,205)	(\$9,205)
Department of Fish, Wildlife, and Parks	(\$2,209)	(\$4,418)	(\$4,418)	(\$4,418)
Veteran's Cemetary and Services Accts.	(\$2,485)	(\$4,971)	(\$4,971)	(\$4,971)
Search and Rescue Acct.	(\$123)	(\$245)	(\$245)	(\$245)
Total State Special Revenue Impact	(\$13,961)	(\$27,921)	(\$27,921)	(\$27,921)

	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$1,718	\$0	\$0	\$0
TOTAL Expenditures	\$1,718	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$1,718	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$1,718	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	(\$306,825)	(\$613,650)	(\$613,650)	(\$613,650)
State Special Revenue (02)	\$4,984,535	\$10,050,502	\$10,135,688	\$10,218,933
TOTAL Revenues	\$4,677,710	\$9,436,852	\$9,522,038	\$9,605,283
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$308,543)	(\$613,650)	(\$613,650)	(\$613,650)
State Special Revenue (02)	\$4,984,535	\$10,050,502	\$10,135,688	\$10,218,933

Technical Notes:

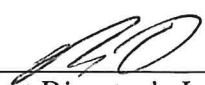
1. New language in section 2(2) of HB 333 regarding the distribution of pass and permit fee revenue conflicts with existing language in 23-2-111(6)(b) and 23-2-814(5), MCA. Current law in 23-2-814(5)(a) instructs \$33 of the \$35 nonresident temporary-use permit fee to be deposited in the state special revenue fund to the credit of the Department of Fish, Wildlife, and Parks. Section 2 of HB 333 adds language to 23-2-211(2) that states half of the revenue collected from nonresident temporary-use permits must be deposited in the summer motorized recreation trail account within the state special revenue fund; thus, the bill creates ambiguity around

the destination of nonresident temporary-use permit fee revenue. Current law in 23-2-111(6)(b) directs all but \$2 of the \$20 summer motorized recreation trail pass to the summer motorized recreation trail account within the state special revenue fund. This distribution of revenue does not align with new language in section 2 of HB 333 that changes 23-2-112(2) to specify that *half of the* revenue collected from the sale of summer motorized recreation trail passes is to be deposited in the summer motorized recreation trail account. Additionally, the bill's version of 23-2-112(2) does not indicate where the other half of summer motorized recreation trail pass revenue should be deposited.

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date



Budget Director's Initials

9-2-23

Date