



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0882 - Exempt federally recognized tribal members from vehicle registration fees (Windy Boy, Jonathan)

Status: As Introduced

- | | | |
|---|--|--|
| <input 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 |

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	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$1,139,325)	(\$2,312,830)	(\$2,347,522)	(\$2,382,735)
State Special Revenue	(\$192,701)	(\$391,184)	(\$397,051)	(\$403,007)
Net Impact-General Fund Balance:	<u>(\$1,139,325)</u>	<u>(\$2,312,830)</u>	<u>(\$2,347,522)</u>	<u>(\$2,382,735)</u>

Description of fiscal impact: HB 882 exempts federally recognized tribal members from paying vehicle registration fees, thus reducing revenue collected by the state in the general fund and state special revenue fund.

FISCAL ANALYSIS

Assumptions:

1. Montana's Indian Nations consist of approximately 60,853 enrolled members.
2. There are 19,396 vehicles with a current registration that are exercising the existing tribal exemption.
3. Assuming those currently exercising the exemption are tribal members, the remaining number of eligible tribal members is estimated to be 41,429 members (60,825 members-19,396 current exemptions).
4. It is assumed that half of the remaining enrolled members (20,715) are eligible to qualify for the tribal exemption. Tribal members eligible for exemption is projected to grow by 1.5% annually through FY 2027.
5. All vehicles are assumed to be light vehicles or trucks weighing 1 ton or less. The registration fees that would otherwise have been deposited in the general fund are estimated to be \$110 per vehicle (the average of the registration fees provided for in 61-3-321(2)(i)-(iii), MCA). Estimated loss of general fund revenue due to foregone registration fees is \$1,139,325 million in FY 2024, which is half the estimated full-year

impact because, absent an effective date, the bill will become law on January 1, 2024. The reduction in general fund revenue rises to \$2,382,735 million by FY 2027.

6. At the time of registration of a motor vehicle or trailer, 61-3-321(20), MCA, provides an additional fee of \$10 that is directed to an account within the state specified revenue fund to provide partial funding for highway patrol officers' salaries (44-1-504, MCA). The estimated state special fund reduction due to the exemption from this fee is \$103,575 in FY 2024 (\$207,150 / 2) and \$216,612 by FY 2027.
7. The 3% administrative fee provided for in 61-3-111, MCA, is imposed on all fees charged under Title 61, MCA. Fee revenue is deposited in the motor vehicle division administrative account within the state special revenue fund. Administrative fee revenue falls by \$37,287 in FY 2024 and \$77,980 by FY 2027.
8. The reduction in motor vehicle revenue deposited in the general fund results in a decrease in the amount of general fund revenue transferred to various accounts within the state special revenue fund pursuant to 15-1-122, MCA. The table below summarizes the fiscal impact.

15-1-122, MCA, State Special Revenue Impacts of HB 882				
	FY 2024	FY 2025	FY 2026	FY 2027
Change in GF Motor Vehicle Revenue	(\$1,139,325)	(\$2,312,830)	(\$2,347,522)	(\$2,382,735)
Fiscal Impact				
Motor Vehicle Recycling Program	(\$16,862)	(\$34,230)	(\$34,743)	(\$35,264)
Noxious Weed Account	(\$17,090)	(\$34,692)	(\$35,213)	(\$35,741)
Department of Fish, Wildlife, and Parks	(\$8,203)	(\$16,652)	(\$16,902)	(\$17,156)
Veteran's Cemetary and Services Accts.	(\$9,229)	(\$18,734)	(\$19,015)	(\$19,300)
Search and Rescue Acct.	(\$456)	(\$925)	(\$939)	(\$953)
Total State Special Revenue Impact	(\$51,839)	(\$105,234)	(\$106,812)	(\$108,414)

	<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>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	(\$1,139,325)	(\$2,312,830)	(\$2,347,522)	(\$2,382,735)
State Special Revenue (02)	(\$192,701)	(\$391,184)	(\$397,051)	(\$403,007)
TOTAL Revenues	<u>(\$1,332,026)</u>	<u>(\$2,704,014)</u>	<u>(\$2,744,573)</u>	<u>(\$2,785,742)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,139,325)	(\$2,312,830)	(\$2,347,522)	(\$2,382,735)
State Special Revenue (02)	(\$192,701)	(\$391,184)	(\$397,051)	(\$403,007)

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<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>

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3-31-23