

FISCAL NOTE

Requested by Legislative Council
02/08/2005

Amendment to: SB 2255

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2003-2005 Biennium | | 2005-2007 Biennium | | 2007-2009 Biennium | |
|----------------|--------------------|-------------|--------------------|--------------|--------------------|--------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | \$20,974,637 | | \$23,174,637 |
| Expenditures | | | | \$60,000 | | \$60,000 |
| Appropriations | | | | \$60,000 | | \$60,000 |

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| 2003-2005 Biennium | | | 2005-2007 Biennium | | | 2007-2009 Biennium | | |
|--------------------|--------|------------------|--------------------|-------------|------------------|--------------------|-------------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | \$3,238,845 | \$1,969,298 | | \$3,238,845 | \$1,969,298 | |

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill has three separate revenue generating provisions. First, the bill provides for an increase in motor vehicle registrations which totals \$10,054,980. This revenue will go to the Highway Distribution fund and split between the DOT, the counties, and cities.

Secondly, the bill provides for an increase in the motor vehicle excise tax totaling \$14.6 million for the 05-07 biennium and \$16.8 million for the 07-09 biennium. This increase will be deposited in the Highway Fund.

Finally, the bill provides for a \$1 increase in the public transportation fee. The increase will produce an additional \$1,550,000 per biennium and will be deposited in the public transportation fund.

The bill also has a provision that repeals the current dedication of \$3 of each motor vehicle registration to the highway fund. As a result, the revenue generated by the \$3 will go to the highway distribution fund to be shared between the DOT, the counties, and the cities. The \$3 fee generates approximately \$4.1 million per biennium. As a result, the cities will gain approximately \$570,000, the counties will gain \$940,000, and the DOT will lose \$1,510,000.

This bill will also create an increased workload for the Motor Vehicle Division that is estimated to cost \$60,000 per biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

| 2005-2007 | Total | Other funds | Counties | Cities |
|---|--------------|---------------|-------------|-------------|
| Motor Vehicle Registration Fee Increase | \$10,054,980 | \$6,334,637 | \$2,312,645 | \$1,407,698 |
| Motor Vehicle Excise Tax Increase | \$14,600,000 | \$14,600,000 | | |
| Public Transportation Fee Increase | \$1,550,000 | \$1,550,000 | | |
| Repeal of \$3 dedication | | (\$1,510,000) | \$940,000 | \$570,000 |
| Total | \$26,204,980 | \$20,974,637 | \$3,252,645 | \$1,977,698 |

2007-2009

| | | | | |
|---|--------------|---------------|-------------|-------------|
| Motor Vehicle Registration Fee Increase | \$10,054,980 | \$6,334,637 | \$2,312,645 | \$1,407,698 |
| Motor Vehicle Excise Tax Increase | \$16,800,000 | \$16,800,000 | | |
| Public Transportation Fee Increase | \$1,550,000 | \$1,550,000 | | |
| Repeal of \$3 dedication | | (\$1,510,000) | \$940,000 | \$570,000 |
| Total | \$28,404,980 | \$23,174,637 | \$3,252,645 | \$1,977,698 |

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The change in the motor vehicle excise tax rate will generate confusion for the general public and we anticipate an increase in an increased volume of communications from the public and an increased volume of title applications that we can not process because the tax is computed incorrectly. We would need a budget enhancement for \$40,000 for temporary salaries, \$2,000 for printing expenses, and \$18,000 for additional first class postage. We anticipate the need will also exist in the 2007-2009 biennium.

These additional costs are funded off the top of the highway distribution fund before distribution. Therefore, this reduces the revenues available to the cities and counties. The impact is a reduction in revenue of \$13,800 to the counties and \$8,400 to the cities

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

We will need a budget enhancement to cover the costs of the expenditures detailed above.

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