

FISCAL NOTE
Requested by Legislative Council
02/06/2007

Amendment to: HB 1245

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$6,895,021)		(\$7,124,344)	
Expenditures						
Appropriations						

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill, as amended, essentially reduces the purchase price of vehicles by a dealer offered rebate amount prior to taxing the cost of the vehicle. No impact on Motor Vehicle Division. Vehicles affected CY 2006 – 33,638. Approximate excise tax revenue loss would be \$6,895,021 next biennium.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Per Tax Department: According to Edmunds.com, a leading resource for automotive information, the average manufacturer's financial incentives per vehicle in 2006 was \$2469. This number includes interest rate subsidies, rebates and lease program incentives. Based on sale of 33,638 new vehicles purchased last year, rebates probably average between \$1800 - \$2100 per vehicle. In North Dakota, more light trucks are purchased per capita than the national average, so the number would be on the higher end. Our estimate, using \$2000 per vehicle X 33,638 = \$67,276,000 X 5% = \$3,363,800 tax per year or about \$6,727,600 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.*

Per Motor Vehicle Division: In addition, our registration growth rate is 1.65%; figuring growth at 1.65% from 2006 numbers yields \$6,895,021 average for the 2007 biennium and \$7,124,344 for the 2009 biennium.

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.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

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