

FISCAL NOTE
Requested by Legislative Council
01/27/2009

REVISION

Bill/Resolution No.: HB 1512

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$460,500)		(\$460,500)	
Expenditures				\$5,900		\$0
Appropriations				\$5,900		\$0

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 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 affects nonresidents moving into the state of North Dakota, to which we do not have tax reciprocity on vehicles, and there is no change in ownership. Those current states are Alaska, Delaware, Montana, New Hampshire, and Oregon.

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.*

This bill will increase costs to the state in the amount of 5,910 and will result in a revenue loss of \$460,500 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.*

We processed 3839 vehicle titles from these states last year. Of these titles, we are estimating 40% were transfers, by nonresidents, into North Dakota, for 1535 vehicles.

We are estimating an average fair market value of \$10,000 being declared on these transfers. Based upon this, current total tax revenue at 5% is \$767,500. ($1535 \times 10,000 = \$15,350,000 \times 5\% = \$767,500$)

Estimating an average of 3 years registered in another state equals a 1.5% tax reduction, which is a tax rate of 3.5%. Applying this figure to the formula = $\$15,350,000 \times 3.5\% = \$537,250$.

Current revenue minus estimated revenue = revenue loss. $\$767,500 - \$537,250 = \$230,250$. Based on a biennium budget, this is a revenue loss of \$460,500 per biennium

Under current law, motor vehicle excise taxes affect primarily the general fund and the state aid distribution fund. However, there are bills in consideration at this time that would change the funds which are the recipients of the motor vehicle excise taxes. If those bills were to pass, funds other than those currently specified under law may be impacted by this bill.

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.

We are also estimating 80 hours of programming to make changes to VRTS to automatically calculate this tax reduction, at \$72.00/hr. and 10 hours of user testing time at \$15.00/hr.
\$5,760 + \$150 = \$5,910.

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.*

The expenditures identified in Part 3B of this fiscal note would require an appropriation of \$5,900.

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