

(Prepare in triplicate)

FISCAL NOTE

Prepared in regard to:

House Bill No. 63
 (list bill or resolution and number, if available, or subject)

Amendment to: _____
 (list bill or resolution and number)

REQUESTED BY: LRC DATE OF RECEIPT 1-4 1969

In the following space note the fiscal effect in dollars of the legislative proposal. If additional space is needed attach a supplementary sheet. Please type.

The fiscal impact of the new fee structure was analyzed by the subcommittee on transportation of the Legislative Research Committee. At the subcommittee's request the Motor Vehicle Registrar and the State Tax Department cooperated in the development of a new fee structure based upon value which would bring in license fee revenues to the state in amounts comparable to present collections.

According to the statistician in the tax department if the rate provided for in the bill is applied to passenger vehicles there is an 85% chance that collections will be within the acceptable limits of from \$6,746,250 to \$7,376,250. Since the actual amount collected for the calendar year ended December 31, 1967 was \$6,891,649.10, collections per year under the proposed rates should be similar in amount.

According to the statistician which estimated the above mention collections on the basis of a 384 car sample, the 85% confidence level is very acceptable. On the basis of a 99.7% confidence level collections would not be less than \$6,378,750 nor more than \$7,743,750.

Date of preparation: 1-4-1969

Signed Chester E. Nelson, Jr.

Typed name Chester E. Nelson, Jr.

Department Legislative Research Committee

HOUSE BILL NUMBER 63

Under the Soldiers & Sailors Relief Act, we cannot Tax the Military. If this bill becomes law, a Service Man could register his motor vehicle in the State of North Dakota for no charge, as there is no provision in the bill for a REGISTRATION FEE in addition to the Tax. It is estimated that we have about 5000 vehicles in the state owned by the military. If they were to license, we would assume the cost of the license plates, and stickers. A fair registration fee which I feel would be our minimum cost would be \$5.00. Without this fee, we would absorb a \$25,000.00 loss if these vehicles were registered.

If the value of the vehicle were established and no modification adjustment were allowed, it would eliminate the need for additional personnel in this department to classify or reclassify vehicles and would be an additional savings. Our budget has a recommended \$124,000 salary cut proposed which will require a reduction of permanent staff to a minimum with our present work load. To reclassify and arbitrate values would require some additional help. A conservative estimate would be a minimum of two (2) employees. Salary \$400 X 2=\$800.00
10%-----= 80.00
\$880.00 X 24months=\$20,520.00 more per biennium.

1-10-69



Clifford Ness

Motor Vehicle Department

If this bill is approved, I might suggest a fee or charge be paid this department when a vehicle is reclassified. These monies could be used to pay for or offset the cost of the additional personnel required to do this work.

It is my understanding California is now operating under such a system. If we could make a flat percentage adjustment of their value schedule we might be able to set up the schedule within the department; however such a schedule would have to reflect North Dakota values and must go back about 25 years on all domestic and foreign vehicles and the value scale would run from one to about fifteen thousand dollars. If we found the California Schedule unsatisfactory, we would not have the personnel available within the department to do this work and it is recommended that provisions be made to obtain the services of a Certified Public Accounting Firm to undertake this project on a fee basis. The fee for a CPA is \$100 per day per man. Two (2) CPAs working one month on such a project would cost \$4,200.00.

If the values were established, they would have to be printed and made available to the people concerned with the registration of motor vehicles. It is my feeling an initial ~~width~~ supply with a reserve would be about 5000 such books. With a book of this size the cost would not be less than \$1.00 per book for an order of this size. The cost would be \$5,000.00.

The Permanent and Temporary registration forms would have to be changed. 50,000 Permanent Forms and 50,000 Temporary Forms would cost about \$800.00.

If the value of the vehicles were established and modification adjustment were allowed, our computer costs would be higher, but we would have no way to estimate such costs.

We would have no figures available as to the cost of programming a system of this type.