

**FISCAL NOTE**  
**Requested by Legislative Council**  
**04/01/2013**

Amendment to: HB 1205

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$651,688		\$453,908
<b>Expenditures</b>				\$274,478		\$104,828
<b>Appropriations</b>				\$12,500		

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
<b>Counties</b>		\$(3,955)	\$(11,182)
<b>Cities</b>		\$(2,247)	\$(6,354)
<b>School Districts</b>			
<b>Townships</b>		\$(485)	\$(1,372)

- 2 A. **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 reduces the fees associated with Gold Star, POW, and DAV license plates; and requires NDDOT to issue a "patriotic" plate with 4 decal choices.

- 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.*

While it is not possible to fully determine the impact that sections 1, 2, and 3 of this bill will have on revenues, we believe any resulting revenue loss will be relatively minor. However, these sections of the bill will have some impact on NDDOT expenditures and appropriations due to costs for computer reprogramming, printing, and web site changes that will be necessary to implement the provisions of this bill. While it is not possible to fully determine the impact of section 4 of the bill as we don't know how many people will choose to purchase a license plate with a patriotic decal, we can estimate a fiscal impact based on an assumed scenario. These assumptions are shown in the accompanying attachments.

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.*

While we cannot fully determine the impact that this bill will have on revenues, it is likely that sections 1, 2, and 3 will result in a fairly minor loss of revenue to the Highway Tax Distribution Fund, the Veteran's Cemetery Trust Fund, and the Veteran's Cemetery Maintenance Fund. We can estimate the revenue impact for section 1 as (24 POW plates + 45 Gold Star plates) X \$25 per year X 2 years per biennium for a total revenue loss of \$3,450 per biennium. This loss would impact the Highway Tax Distribution Fund. We can estimate the revenue impact for section 2 as (20 Gold Star plates per biennium X \$15 initial one-time fee) + (20 Gold Star plates per biennium X \$10 annual surcharge X 2 years per biennium) = \$700 per biennium. The distribution of this loss is \$200 to the Highway Tax Distribution Fund, \$300 to the Veteran's Cemetery Maintenance Fund, and \$200 to the Veteran's Cemetery Trust Fund. It is not possible to fully determine the revenue impact for section 3 as we have no way to determine the extent that disabled veterans currently using the regular buffalo plate will choose to utilize the DAV registration and excise tax exemption. While not certain, it is likely that this impact would also be minimal. Section 4 of the bill will likely have a

more significant revenue impact; please see schedules 3-5 on the accompanying attachments for the calculation of the revenue impacts of section 4 of the bill. Please see the accompanying schedule 6 for a recap of the State revenue, expenditure, and appropriations impacts of all sections of the 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.*

The estimated costs associated with sections 1, 2, and 3 of this bill for the first biennium include computer reprogramming (\$4,000), and web-site changes and printing(\$5,000), for a total first biennium cost of \$9,000. Subsequent biennium costs would be minimal. Section 4 will have a more substantial impact on expenditures to NDDOT. Please see schedules 1-2 on the accompanying attachments for the calculation of the expenditure impacts of section 4 of the bill. Please see the accompanying schedule 6 for a recap of the State revenue, expenditure, and appropriations impacts of all sections of the bill.

- 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.*

Section 5 of the bill provides an appropriation to NDDOT of \$9,000 for the 2013-2015 biennium. Section 6 provides an appropriation to the Adjutant General of \$3,500 for the 2013-2015 biennium. As noted in Section 1A of this fiscal note, NDDOT will incur estimated expenditures of \$274,478 during the 2013-2015 biennium. Considering the \$9,000 appropriation contained in section 5 of the bill, NDDOT would require an additional appropriation of \$265,478 to carry out the provisions of section 4 of this bill. Please see the accompanying schedule 6 for a recap of the State revenue, expenditure, and appropriations impacts of all sections of the bill.

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**Date Prepared:** 04/04/2013

## HB1205 - Section 4 Calculation of Fiscal Impacts Expenditures

### EXPENDITURES

<i>Schedule 1 - NDDOT Expenditures</i>	<u>2013-2015 Biennium</u>			<u>2015-2017 Biennium</u>		
	1st yr	2nd yr	Total 1st Biennium	1st yr	2nd yr	Total 2nd biennium
Temporary Salaries	\$ 29,064	\$ 29,064	\$ 58,128	\$ 29,064	\$ 29,064	\$ 58,128
Design costs for 4 logos	6,000		6,000			-
Mailing Costs	46,350	4,635	50,985	4,635	4,635	9,270
Purchase cost of plates	132,150	13,215	145,365	13,215	13,215	26,430
Computer programming costs	4,000	1,000	5,000	1,000	1,000	2,000
Estimated Total Costs	<u>\$ 217,564</u>	<u>\$ 47,914</u>	<u>\$ 265,478</u>	<u>\$ 47,914</u>	<u>\$ 47,914</u>	<u>\$ 95,828</u>

<i>Schedule 2 - Allocation of Expenditure Impact to Revenues distributed through the Highway Tax Distribution Fund</i>	Allocation Percentage	2013-2015 Biennium		2015-2017 Biennium	
		Revenue Reduction - 1st year	Revenue Reduction - 2nd year	Biennium Revenue Reduction - 1st year	Biennium Revenue Reduction - 2nd year
NDDOT	61.3%	\$ 133,367	\$ 29,371	\$ 29,371	\$ 29,371
Public Transportation Fund	1.5%	\$ 3,263	\$ 719	\$ 719	\$ 719
Cities	12.5%	\$ 27,196	\$ 5,989	\$ 5,989	\$ 5,989
Counties	22.0%	\$ 47,864	\$ 10,541	\$ 10,541	\$ 10,541
Townships	2.7%	\$ 5,874	\$ 1,294	\$ 1,294	\$ 1,294
Total		<u>\$ 217,564</u>	<u>\$ 47,914</u>	<u>\$ 47,914</u>	<u>\$ 47,914</u>

### SCENARIO ASSUMPTIONS

Cost to NDDOT to purchase one set of plates	\$ 8.81
Design costs for 4 logos	\$ 6,000
Mailing cost per set of plates	\$ 3.09
Temporary employees to handle initial issue	1
Temporary employees to handle additional demand after 1st biennium	1
Computer programming costs - 1st year	\$ 4,000
Computer programming costs - following years	\$ 1,000
Estimated number of plates upon initial issue	15,000
Estimated number of plates per year after initial issue	1,500
Initial Issue Fee Revenue per set of plates	\$ 20
Annual Surcharge Revenue per set of plates	\$ 10
Highway Tax Distribution Fund share of initial issue fee	\$ 15

Minor totaling differences are due to rounding

**HB1205 - Section 4**  
**Calculation of Fiscal Impacts**  
**Revenues**

**REVENUES**

	<b>Schedule 3 - Fee Revenues</b>			<b>2013-2015 Biennium</b>			<b>2013-2015 Biennium</b>			<b>2015-2017 Biennium - 1st year</b>			<b>2015-2017 Biennium - 2nd Year</b>		
	2013-2015 Biennium		2013-2015 Biennium		2013-2015 Biennium		2013-2015 Biennium		2015-2017 Biennium - 1st year		2015-2017 Biennium - 1st year		2015-2017 Biennium - 2nd Year		
	Total	Highway Tax Distribution Fund	Veteran's Trust Fund	Total	Highway Tax Distribution Fund	Veteran's Trust Fund	Total	Highway Tax Distribution Fund	Veteran's Trust Fund	Total	Highway Tax Distribution Fund	Veteran's Trust Fund	Total	Highway Tax Distribution Fund	Veteran's Trust Fund
Initial Fee	\$ 300,000	\$ 225,000	\$ 75,000	\$ 30,000	\$ 22,500	\$ 7,500	\$ 30,000	\$ 22,500	\$ 7,500	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
Annual Surcharge	150,000		150,000	165,000		165,000	165,000		165,000						
<b>Total</b>	<b>\$ 450,000</b>	<b>\$ 225,000</b>	<b>\$ 225,000</b>	<b>\$ 195,000</b>	<b>\$ 22,500</b>	<b>\$ 172,500</b>	<b>\$ 210,000</b>	<b>\$ 22,500</b>	<b>\$ 187,500</b>	<b>\$ 225,000</b>	<b>\$ 22,500</b>	<b>\$ 202,500</b>	<b>\$ 225,000</b>	<b>\$ 22,500</b>	<b>\$ 202,500</b>

	Allocation Percentage	2013-2015 Biennium - 1st year		2013-2015 Biennium - 2nd year		2015-2017 Biennium - 1st year		2015-2017 Biennium - 2nd year	
<b>Schedule 4 - Allocation of Revenue Impact through Highway Tax Distribution Fund</b>									
NDDOT	61.3%	\$ 137,925	\$ 13,793	\$ 13,793	\$ 13,793	\$ 13,793	\$ 13,793	\$ 13,793	\$ 13,793
Public Transportation Fund	1.5%	\$ 3,375	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338
Cities	12.5%	\$ 28,125	\$ 2,813	\$ 2,813	\$ 2,813	\$ 2,813	\$ 2,813	\$ 2,813	\$ 2,813
Counties	22.0%	\$ 49,500	\$ 4,950	\$ 4,950	\$ 4,950	\$ 4,950	\$ 4,950	\$ 4,950	\$ 4,950
Townships	2.7%	\$ 6,075	\$ 608	\$ 608	\$ 608	\$ 608	\$ 608	\$ 608	\$ 608
<b>Total</b>		<b>\$ 225,000</b>	<b>\$ 22,500</b>	<b>\$ 22,500</b>	<b>\$ 22,500</b>	<b>\$ 22,500</b>	<b>\$ 22,500</b>	<b>\$ 22,500</b>	<b>\$ 22,500</b>

	2013-2015 Biennium - 1st year		2013-2015 Biennium - 2nd year		2013-2015 Biennium - Total		2015-2017 Biennium - 1st year		2015-2017 Biennium - 2nd year		2015-2017 Biennium - Total	
<b>Schedule 5 - Net Impact of Revenues and Expenditure Impact on Highway Tax Distribution Fund Recipients</b>												
<b>State Entities</b>												
Veteran's Postwar Trust Fund	\$ 225,000	\$ 172,500	\$ 397,500	\$ 187,500	\$ 202,500	\$ 390,000						
NDDOT Motor Vehicle "Off the Top" funding for expenditures	217,564	47,914	265,478	47,914	47,914	95,828						
NDDOT Share of impact to Highway Tax Distribution Fund	4,558	(15,579)	(11,021)	(15,579)	(15,579)	(31,158)						
Public Transportation share of impact to Highway Tax Distribution Fund	112	(381)	(270)	(381)	(381)	(762)						
<b>Total Net Revenue Impact to State Entities</b>	<b>\$ 447,234</b>	<b>\$ 204,454</b>	<b>\$ 651,688</b>	<b>\$ 219,454</b>	<b>\$ 234,454</b>	<b>\$ 453,908</b>						
<b>Cities, Counties, and Townships</b>												
Cities Share of impact to Highway Tax Distribution Fund	930	(3,177)	(2,247)	(3,177)	(3,177)	(6,354)						
Counties share of impact to Highway Tax Distribution Fund	1,636	(5,591)	(3,955)	(5,591)	(5,591)	(11,182)						
Townships share of impact to Highway Tax Distribution Fund	201	(686)	(485)	(686)	(686)	(1,372)						
<b>Total Net Revenue Impact to Cities, Counties, and Townships</b>	<b>2,765</b>	<b>(9,455)</b>	<b>(6,690)</b>	<b>(9,455)</b>	<b>(9,455)</b>	<b>(18,910)</b>						

**SCENARIO ASSUMPTIONS**

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# HB1205

## Fiscal Note Section 1A

### State Fiscal Effect

**Schedule 6 - Recap of State Fiscal Effect**

	2011-2013		2013-2015		2015-2017	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b><u>Revenues</u></b>						
Bill Section 4			\$ 651,688		\$ 453,908	
Total Revenues			\$ 651,688		\$ 453,908	
<b><u>Expenditures</u></b>						
Bill Sections 1, 2, 3			\$ 9,000		\$ 9,000	
Bill Section 4			265,478		95,828	
Total Expenditures			\$ 274,478		\$ 104,828	
<b><u>Appropriations</u></b>						
NDDOT - Section 5			\$ 9,000			
Adjutant General - Section 6			3,500			
Total Appropriations			\$ 12,500			