

FISCAL NOTE
Requested by Legislative Council
02/08/2013

Amendment to: SB 2098

- 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
Revenues						
Expenditures				\$90,000		\$105,000
Appropriations				\$90,000		\$105,000

- 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
Counties			
Cities			
School Districts			
Townships			

- 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 provides for a refund of the unused portion of vehicle registrations when a vehicle is transferred and not replaced with another vehicle.

- 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.*

Section 1 of this bill provides for a refund of the unused portion of vehicle registrations when a vehicle is transferred and not replaced with another vehicle, upon payment of a \$20 application fee. Section 3 provides for a delayed implementation date of July 1, 2014. A complete revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds that might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle. Any motor vehicle registration fees refunded under this bill and related NDDOT expenditures would result in a loss of funding to the Highway Tax Distribution fund. The Highway Tax distribution fund is distributed between NDDOT (61.3%), cities (12.5%), counties (22%), townships (2.7%), and the Public Transportation Fund (1.5%); accordingly, those jurisdictions would realize an undetermined reduction in their revenues from the Highway Tax Distribution Fund. NDDOT would incur additional implementation and processing costs as a result of this bill including computer reprogramming, temporary help, form design, and printing.

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.*

A complete revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds that might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle. The bill does provide for a \$20 fee to accompany the application for refund. Accordingly, in order to recover the implementation and processing costs costs identified in part 3B of this fiscal note, NDDOT would have to process 4,500 applications for refund from July 1, 2014 (the effective date of this bill) to June 30,

2015, and 5,250 per biennium thereafter (2,625 per year). If this volume of refunds is not realized, the remaining costs in excess of realized revenue would result in a loss of funding distributed through the Highway Tax Distribution Fund. Likewise, the fees associated with any applications processed beyond the 4,500 and 5,250 volume identified above would result in a \$20 increase per application in the amount of revenue available for allocation through the Highway Tax Distribution Fund. In addition to the fiscal impact associated with the \$20 fee and the implementation and processing costs, any motor vehicle registration fees refunded under this bill would result in a loss of funding to the Highway Tax Distribution fund. The Highway Tax distribution fund is distributed between NDDOT (61.3%), cities (12.5%), counties (22%), townships (2.7%), and the Public Transportation Fund (1.5%); accordingly, those entities would realize an undetermined reduction in their revenues from the Highway Tax Distribution Fund.

- 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.*

NDDOT would incur additional implementation and processing costs totaling \$90,000 the first biennium as a result of this bill. This includes computer reprogramming (\$30,000), temporary help (\$50,000 - this is 1/2 of the full biennium cost due to the delayed implementation date), and form design and printing (\$10,000). Second biennium costs would consist of temporary help (\$100,000) and printing (\$5,000).

- 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.*

NDDOT would require additional appropriation of \$90,000 for the first biennium and \$105,000 in subsequent bienniums to handle the provisions of this bill. These amounts were not included in the executive budget recommendation.

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