

FISCAL NOTE
Requested by Legislative Council
02/12/2013

Amendment to: HB 1323

- 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				\$8,148,034		\$5,242,444
Expenditures				\$2,866,556		\$1,351,881
Appropriations				\$2,866,556		\$1,351,881

- 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		\$98,004	\$44,684
Cities		\$55,684	\$25,389
School Districts			
Townships		\$12,028	\$5,484

- 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 requires NDDOT to issue "patriotic" motor vehicle plates.

- 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 this bill will have as we don't know how many people will choose to purchase a patriotic license plate, we can estimate a fiscal impact based on an assumed scenario. These assumptions are listed in the accompanying attachments. Note that the impact to investment earnings from the Veteran's Postwar Trust Fund was not included in the scenario as this impact will likely be minimal. Please see the accompanying attachments for the calculation of the fiscal effects.

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.*

Please see schedules 3-5 on the accompanying attachments for the calculation of the revenue effects.

- 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.*

Please see schedules 1-2 on the accompanying attachments for the calculation of the expenditure effects.

- 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 an additional appropriation of \$2,866,556 for the 2013-2015 biennium to cover the requirements of this bill.

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Date Prepared: 02/12/2013

HB1323

Calculation of Fiscal Impacts

Expenditures

EXPENDITURES

<i>Schedule 1 - NDDOT Expenditures</i>	<u>2013-2015 Biennium</u>			<u>2015-2017</u>
	1st yr	2nd yr	Total 1st Biennium	Biennium
Temporary Salaries	\$ 174,384	\$ 58,128	\$ 232,512	\$ 116,256
Plate Design	1,500		1,500	
Mailing Costs	522,114	160,164	682,278	320,328
Purchase cost of plates	1,488,617	456,649	1,945,266	913,297
Computer programming costs	4,000	1,000	5,000	2,000
Estimated Total Costs	<u>\$ 2,190,615</u>	<u>\$ 675,941</u>	<u>\$ 2,866,556</u>	<u>\$ 1,351,881</u>

<i>Schedule 2 - Allocation of Expenditure Impact to Revenues distributed through the Highway Tax Distribution Fund</i>	<u>2013-2015</u>		<u>2015-2017</u>
	Allocation Percentage	Biennium Revenue Reduction	Biennium Revenue Reduction
NDDOT	61.3%	\$ 1,757,199	\$ 828,703
Public Transportation Fund	1.5%	\$ 42,998	\$ 20,278
Cities	12.5%	\$ 358,319	\$ 168,985
Counties	22.0%	\$ 630,642	\$ 297,414
Townships	2.7%	\$ 77,397	\$ 36,501
Total		<u>\$ 2,866,556</u>	<u>\$ 1,351,881</u>

SCENARIO ASSUMPTIONS

Cost to NDDOT to purchase one set of plates	\$ 8.81
Design cost per design	\$ 1,500
Mailing cost per set of plates	\$ 3.09
Temporary employees to handle initial issue	6
Temporary employees to handle additional demand after 1st biennium	2
Computer programming costs - 1st year	\$ 4,000
Computer programming costs - following years	\$ 1,000
Estimated number of plates upon initial issue	168,969
Estimated number of plates per year after initial issue	51,833
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

HB1323
Calculation of Fiscal Impacts
Revenues

REVENUES

	Schedule 3 - Fee Revenues			2013-2015 Biennium			2013-2015 Biennium			2015-2017 Biennium - 2 Years		
				1st year			2nd year					
		Total	Highway Tax Distribution Fund	Veteran's Postwar Trust Fund	Total	Highway Tax Distribution Fund	Veteran's Postwar Trust Fund	Total	Highway Tax Distribution Fund	Veteran's Postwar Trust Fund		
Initial Fee	\$ 3,379,380	\$ 2,534,535	\$ 844,845	\$ 1,036,660	\$ 777,495	\$ 259,165	\$ 2,073,320	\$ 1,554,990	\$ 518,330			
Annual Surcharge	1,689,690		1,689,690	2,208,020		2,208,020	3,244,680		3,244,680			
Total	\$ 5,069,070	\$ 2,534,535	\$ 2,534,535	\$ 3,244,680	\$ 777,495	\$ 2,467,185	\$ 5,318,000	\$ 1,554,990	\$ 3,763,010			

Schedule 4 - Allocation of Revenue Impact through Highway Tax Distribution Fund	Allocation Percentage	2013-2015 Biennium	2015-2017 Biennium
NDDOT	61.3%	\$ 2,030,274	\$ 953,209
Public Transportation Fund	1.5%	\$ 49,680	\$ 23,325
Cities	12.5%	\$ 414,004	\$ 194,374
Counties	22.0%	\$ 728,647	\$ 342,098
Townships	2.7%	\$ 89,425	\$ 41,985
Total		\$ 3,312,030	\$ 1,554,990

Schedule 5 - Net Impact of Revenues and Expenditure Impact on Highway Tax Distribution Fund Recipients	2013-2015 Biennium	2015-2017 Biennium
State Entities		
Veteran's Postwar Trust Fund	\$ 5,001,720	\$ 3,763,010
NDDOT Motor Vehicle "Off the Top" funding for expenditures	2,866,556	1,351,881
NDDOT Share of impact to Highway Tax Distribution Fund	273,076	124,506
Public Transportation share of impact to Highway Tax Distribution Fund	6,682	3,047
Total Net Revenue Impact to State Entities	\$ 8,148,034	\$ 5,242,444
Cities, Counties, and Townships		
Cities Share of impact to Highway Tax Distribution Fund	55,684	25,389
Counties share of impact to Highway Tax Distribution Fund	98,004	44,684
Townships share of impact to Highway Tax Distribution Fund	12,028	5,484
Total Net Revenue Impact to Cities, Counties, and Townships	165,715	75,555

SCENARIO ASSUMPTIONS

Cost to NDDOT to purchase one set of plates	\$ 8.81
Design cost per design	\$ 1,500
Mailing cost per set of plates	\$ 3.09
Temporary employees to handle initial issue	6
Temporary employees to handle additional demand after 1st biennium	2
Computer programming costs - 1st year	\$ 4,000
Computer programming costs - following years	\$ 1,000
Estimated number of plates upon initial issue	168,969
Estimated number of plates per year after initial issue	51,833
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