

FISCAL NOTE
SENATE BILL NO. 2176
LC# 23.0586.01000
01/17/2023

1 - 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.

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(51,907,828)	\$(4,830,246)	\$(59,111,818)	\$(5,512,252)
Expenditures				\$(312,000)		\$(324,000)
Appropriations				\$(312,000)		\$(324,000)

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties		\$(68,640)	\$(71,280)
Cities		\$(39,000)	\$(40,500)
School Districts			
Townships		\$(8,424)	\$(8,748)

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

SB2176 provides certain motor vehicle purchase price adjustments and a motor vehicle excise tax credit against the purchase price of a replacement vehicle.

4 - Fiscal Impact Sections Detail

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 2 #5 allows for a credit against the purchase price of a replacement vehicle in an amount not to exceed the amount received for the sale of the replacement vehicle.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

Based on the estimated Total Value of Trade-In for 2023 (\$575,121,737) calculating the excise tax for five months equals \$11,981,703. Estimated Total Value of Trade-In for 2024 (\$592,375,389) calculating the excise tax equals \$29,618,769 and estimated Total Value of Trade-In for 2025 (\$610,146,650) calculating the excise tax for six months equals \$15,253,666. For the 2025-2027 Biennium a 3% increase was assumed. (\$4,830,246) includes the reduction in the State Aid Distribution Fund 8.7%.

The remaining amounts are based on the increase in the motor vehicle operating fund for funding the two additional fte, \$312,000. The highway tax distribution fund will be reduced by the same amount and will impact other funds received by the Department of Transportation, the distribution to the highway fund, 61.3%, (\$191,256) and the state public transportation fund, 1.5%, (\$4,680).

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

Two additional FTEs would be needed to research and process this additional workload resulting from the credit allowance. The estimated total cost for two FTE's with benefits would be \$312,000 and \$324,000, for the 2023-25 and 2025-27 biennia, respectively.

DOT assumed 17,311 vehicles out of the estimated total 57,705 would require additional research and validation for purchase price eligibility. Assuming a 10-minute research time per transaction and additional 2 FTEs would be required to maintain our service levels.

These costs would reduce the revenues available for distribution through the Highway Tax Distribution Fund as Motor Vehicle costs are funded off the top of the Highway Tax Distribution Fund. The impact to counties is (22%), cities (12.5%), townships (2.7%), public transit (1.5%), and the State Highway Fund (61.3%).

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

Appropriations for two additional FTEs would be required to research and process this additional workload resulting from the credit allowance. The estimated total cost for two FTE's with benefits would be \$312,000 and \$324,000, for the 2023-25 and 2025-27 biennia, respectively.

Contact Information

Name: Patty Schock

Agency: NDDOT

Telephone: 7013281933

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