

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Motor Vehicle Licenses

**ISSUE:** Biennial Registration, Optional

**BILL NUMBER(S):** SB442 amended

**SPONSOR(S):** Senator Bennett, Representative M. Davis

**MONTH/YEAR COLLECTION IMPACT BEGINS:** January 1, 2008

**DATE OF ANALYSIS:** March 24, 2007

**SECTION 1: NARRATIVE**

**a. Current Law:** The current law only provides for a twelve-month period for the registration and renewal of motor vehicles, mobile homes, and vessels.

**b. Proposed Change:** This bill provides for an optional extended (biennial) motor vehicle registration period for motorcycles, passenger cars, trucks, mobile homes, and vessels. The bill provides that a registrant may make application for a refund of the second year's taxes in the first year. The five-year license plate replacement cycle is restructured to six years, and the license plate replacement fee is increased from \$10 to \$12.

**SECTION 2: DESCRIPTION OF DATA AND SOURCES**

**SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)**

See attached

**SECTION 4: PROPOSED FISCAL IMPACT**

| State Impact—All Funds                                   | FY 2007-08 Annualized | FY 2007-08 Cash | FY 2008-09 Cash |
|--|-----------------------|-----------------|-----------------|
| High   |                       |                 |                 |
| Middle 6 year replacement cycle<br>Biennial registration | 9.7<br>0              | 6.7<br>29.8     | 13.3<br>0       |
| Low  |                       |                 |                 |

| State Impact—All Funds                                   | FY 2009-10 Cash | FY 2010-11 Cash |
|--|-----------------|-----------------|
| High   |                 |                 |
| Middle 6 year replacement cycle<br>Biennial registration | 13.3<br>0       | 13.3<br>0       |
| Low  |                 |                 |

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**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 24 / 07 )** The conference adopted the proposed estimate, which assumes an 8.5% participation rate in the biennial registration program.

|                                 | FY 2007-08<br>Annualized | FY 2007-08<br>Cash | FY 2008-09<br>Cash |
|---------------------------------|--------------------------|--------------------|--------------------|
| General Revenue                 | 0                        | .3                 | 0                  |
| Highway Safety Operating TF     | 9.7                      | 6.7                | 13.3               |
| State Transportation Trust Fund | 0                        | 19.9               | 0                  |
| Other State Trust               | 0                        | 7.0                | 0                  |
| Total State Impact              | 9.7                      | 33.9               | 13.3               |
| Total Local Impact              | 0                        | 2.6                | 0                  |
| Total Impact                    | 9.7                      | 36.5               | 13.3               |

|                                 | FY 2009-10<br>Cash | FY 2010-11<br>Cash |
|---------------------------------|--------------------|--------------------|
| General Revenue                 | 0                  | 0                  |
| Highway Safety Operating TF     | 13.3               | 13.3               |
| State Transportation Trust Fund | 0                  | 0                  |
| Other State Trust               | 0                  | 0                  |
| Total State Impact              | 13.3               | 13.3               |
| Total Local Impact              | 0                  | 0                  |
| Total Impact                    | 13.3               | 13.3               |

## SB442 Optional Biennial Registration

### Estimate with 8.5% participation rate

| Fiscal Year                                   | 2007 2008  |             | 2008 2009   |             | 2009 2010   |             | 2010 2011   |             | 2011 2012   |             | 2012 2013   |             |
|---|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | Jul-Dec    | Jan-Jun     | Jul-Dec     | Jan-Jun     | Jul-Dec     | Jan-Jun     | Jul-Dec     | Jan-Jun     | Jul-Dec     | Jan-Jun     | Jul-Dec     | Jan-Jun     |
| Current Receipts - per 6 month Period         | 238.0      | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       |
| <b>Biennial Participation Rate</b>            |            | <b>8.5%</b> | <b>8.5%</b> | <b>8.5%</b> | <b>8.5%</b> | <b>8.5%</b> | <b>8.5%</b> | <b>8.5%</b> | <b>8.5%</b> | <b>8.5%</b> | <b>8.5%</b> | <b>8.5%</b> |
| New Annual Renewal Receipts Start Jan 1, 2008 | 238.0      | 217.8       | 217.8       | 217.8       | 217.8       | 217.8       | 217.8       | 217.8       | 217.8       | 217.8       | 217.8       | 217.8       |
| <u>Biennial Renewals Receipts</u>             | <u>0.0</u> | <u>40.5</u> | <u>40.5</u> | <u>0.0</u>  | <u>0.0</u>  | <u>40.5</u> | <u>40.5</u> | <u>0.0</u>  | <u>0.0</u>  | <u>40.5</u> | <u>40.5</u> | <u>0.0</u>  |
| Total Receipts                                | 238.0      | 258.2       | 258.2       | 217.8       | 217.8       | 258.2       | 217.8       | 217.8       | 217.8       | 258.2       | 258.2       | 217.8       |
| Net Change - Current less New                 | 0.0        | 20.2        | 20.2        | -20.2       | -20.2       | 20.2        | 20.2        | -20.2       | -20.2       | 20.2        | 20.2        | -20.2       |
| Net of refunds                                | 0.0        | 19.9        | 19.9        | -19.9       | -19.9       | 19.9        | 19.9        | -19.9       | -19.9       | 19.9        | 19.9        | -19.9       |
| Net Change Per FY STTF                        |            | 19.9        |             | 0.0         |             | 0.0         |             | 0.0         |             | 0.0         |             | 0.0         |
| Other Trust                                   |            | 7.0         |             | 0.0         |             | 0.0         |             | 0.0         |             | 0.0         |             | 0.0         |
| GR  |            | 0.3         |             | 0.0         |             | 0.0         |             | 0.0         |             | 0.0         |             | 0.0         |
| Local   |            | 2.6         |             | 0.0         |             | 0.0         |             | 0.0         |             | 0.0         |             | 0.0         |

### Estimate with 3.5% participation rate

| Fiscal Year                                   | 2007 2008  |             | 2008 2009   |             | 2009 2010   |             | 2010 2011   |             | 2011 2012   |             | 2012 2013   |             |
|---|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | Jul-Dec    | Jan-Jun     | Jul-Dec     | Jan-Jun     | Jul-Dec     | Jan-Jun     | Jul-Dec     | Jan-Jun     | Jul-Dec     | Jan-Jun     | Jul-Dec     | Jan-Jun     |
| Current Receipts - per 6 month Period         | 238.0      | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       | 238.0       |
| <b>Biennial Participation Rate</b>            |            | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> |
| New Annual Renewal Receipts Start Jan 1, 2008 | 238.0      | 229.7       | 229.7       | 229.7       | 229.7       | 229.7       | 229.7       | 229.7       | 229.7       | 229.7       | 229.7       | 229.7       |
| <u>Biennial Renewals Receipts</u>             | <u>0.0</u> | <u>16.7</u> | <u>16.7</u> | <u>0.0</u>  | <u>0.0</u>  | <u>16.7</u> | <u>16.7</u> | <u>0.0</u>  | <u>0.0</u>  | <u>16.7</u> | <u>16.7</u> | <u>0.0</u>  |
| Total Receipts                                | 238.0      | 246.3       | 246.3       | 229.7       | 229.7       | 246.3       | 229.7       | 229.7       | 229.7       | 246.3       | 246.3       | 229.7       |
| Net Change - Current less New                 | 0.0        | 8.3         | 8.3         | -8.3        | -8.3        | 8.3         | 8.3         | -8.3        | -8.3        | 8.3         | 8.3         | -8.3        |
| Net Change Per FY                             |            | 8.3         |             | 0.0         |             | 0.0         |             | 0.0         |             | 0.0         |             | 0.0         |

### SB 442 6 Year Replacement Cycle and \$12 Replacement Fee

|  | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Increase in Initial Fee From \$10 to \$12            | 3.150   | 6.230   | 6.230   | 6.230   | 6.230   | 6.230   | 6.230   |
| Converting Current Registrants from five to six year | 3.525   | 7.049   | 7.049   | 7.049   | 7.049   | 3.525   | 0.000   |
| Total to Highway Safety Operating Trust Fund         | 6.675   | 13.279  | 13.279  | 13.279  | 13.279  | 9.755   | 6.230   |

### Survey Data of Other States' Participation Rates

| Participation Rate |          |               |
|--------------------|----------|---------------|
| State              | Optional | Rate          |
| Arizona            |          | Not Available |
| Idaho              |          | 10%           |
| Missouri           |          | Not Available |
| Montana            |          | 5%            |
| New Mexico         |          | Not Available |
| Virginia           |          | 11%           |