

Fiscal Estimate Narratives

DNR 10/23/2003

LRB Number 03-2128/1	Introduction Number AB-432	Estimate Type Updated
Subject Antique snowmobiles, definition, terminology change, and registration period		

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary: This bill changes existing legislation that pertains to the registration of antique snowmobiles and also changes the existing terminology of "antique" to "classic". Currently, the law provides for any snowmobile of pre-1967 vintage to be exempt from annual registration after an initial registration as an antique. The new law would change that to allow any snowmobile of 35 years of age or older to be exempt after their initial registration as a classic.

Fiscal Estimate: Registration revenues are used by the Department in a number of different portions of the snowmobile program while gas tax funds are directed solely to the trail grants program to counties.

Under this bill, classic snowmobiles will be exempted from the \$5 transfer fee for a current registration certificate. This will be a minor fiscal impact.

The major fiscal impact will be a reduction in the amount of revenue accruing to the conservation fund from registration revenues.

1907 thru 1966 - Total Machines registered - 535
1907 thru 1966 - Machines registered as antique - 483
1907 thru 1966 - Machines registered as public - 52

Percentage of machines taking advantage of antique registration 90% ($483/535=.90$)
To approximate a more realistic approach, this percentage will be used on figures to estimate the most likely amount of dollars lost and gained (due to one time \$20 classic registration).

1967 thru 1969 - Machines registered as public - $611 \times 90\% = 550$
These machines are currently subject to \$30 registration every 2 years and upon passage of AB 432 would be captured in a 35-year window eligible for classic registration.

Projected Registration Losses

Assumptions:

Assume antiques would have been registered every other year, like current private registrations
Assume registrations at 550 for first year of registrations and a jump to 692 for antiques in 1971 and follows the pattern of previously registered vehicles
Assume long range picture is 10 years
Assume operation of antiques start to decline by 10% after 5 years

Projected REGISTRATION \$ loss first full year of implementation

2004 First 1/2 of 1967 - 1969 machines - $275 \times \$30 = \$(8,250)$
Add in 1 time classic registration $275 \times \$20 = \$ 5,500$
Total Loss $\$(2,750)$

From there, the loss of revenue will grow each year because the number of antique snowmobiles registered annually will follow the registration pattern while the amount of lost revenue from those not renewed will continue to grow over the ten year cycle.

Given the above assumptions, the loss of revenue will reach an annualized level of approximately \$142,000 in ten years.

Projected GAS TAX \$ loss first full year of implementation

Under this bill, the change in snowmobile registrations will impact the revenue generated from the formula transfer of the gasoline excise tax. Currently, antique snowmobiles are only calculated into the gas tax the first year of registrations. This bill will mean that all antique snowmobiles that would have been registered in the future will no longer be part of the gas tax equation. Estimates use the same numbers assumed for the registrations above and use the forecasting of the motor fuel excise tax. The estimates also use the aforementioned assumptions plus the assumption that the antique snowmobiles could be used in the gas tax formula every year not just when they are originally registered. Assume this will not be applicable in the first two years due to the way the gas tax is formulated based on predicted numbers.

Formula is: Number of Registrations x Excise Tax x 50 gallons x .4 multiplier

2006 Gas Tax Lost: $275 \times .30 \times 50 \times 1.4 = \$5,800$

From there, the loss of revenue will grow each year because the number of antique snowmobiles that would have been renewed will not be part of the equation.

Given the above assumptions, the loss of revenue will reach an annualized of approximately \$216,000 in ten years.

Long-Range Fiscal Implications

Reduced revenue from snowmobile registrations and from snowmobile gas tax

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Antique snowmobiles, definition, terminology change, and registration period			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
First year of revenue lost for DNR operations: \$2,750. First year or revenue lost for local trail aids: \$1,650			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			-358,000
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$-358,000
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			-358,000
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-358,000
TOTAL State Revenues		\$	\$-358,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$-358,000	\$
NET CHANGE IN REVENUE		\$-358,000	\$
Agency/Prepared By		Authorized Signature	Date
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