



## Fiscal Estimate Narratives

DOR 2/19/2014

LRB Number	13-0082/3	Introduction Number	AB-0694	Estimate Type	Original
<b>Description</b> Operation of off-highway motorcycles, granting rule-making authority, providing penalties, and making appropriations					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Department of Natural Resources (DNR) regulates the operation and registration of all-terrain vehicles (ATVs) and utility terrain vehicles (UTVs). Also under current law, the Department of Transportation (DOT) regulates the operation and registration of motorcycles.

The bill establishes requirements for the operation and registration of off-highway motorcycles (OHMs) that are similar to the current law requirements that apply to ATVs and UTVs. The bill defines an OHM as a motorcycle that is designed for off-highway operation, regardless of whether it is also designed for on-highway operation. The bill differentiates between motorcycles that are registered by DOT for highway use from those which operate off-highway, which must be registered with DNR. The owner of an OHM may register the vehicle with DNR for public use on trails and routes and other areas open for public use. Alternatively, an owner may register an OHM for private use, if use is limited to operation for agricultural purposes or operation by the owner or a family member on land owned by the owner or a family member.

This fiscal note is limited to the tax provisions in the bill. The DNR fiscal note provides estimates of the number of OHM registrations and fee revenues.

### MOTOR FUEL TAX

Gasoline sold for off-road use in mobile machinery and equipment is exempt from the motor fuel tax provided the fuel is delivered into the customer's storage tank in an amount not less than 100 gallons. However, gasoline sales are taxable if placed into the fuel tank of a licensed motor vehicle, snowmobile, recreational motorboat, or an ATV, unless the ATV is registered for private use. The bill extends the private use exception to OHMs.

Based on DNR's assumption that only 5% of an estimated 11,500 OHMs would be registered for private use, the fiscal effect of the motor fuel tax provision is expected to be minimal.

### LANDOWNER INCENTIVE PROGRAM

The bill also requires DNR to establish a program under which landowners receive payments for opening their lands for OHM trails and other corridors for recreational OHM use. The bill includes income tax exemptions for these payments, similar to exemptions under current law for ATVs and UTVs. Fees collected for the issuance of nonresident trail passes are appropriated for making these payments.

The fiscal effect of the income tax provision is anticipated to be minimal.

### PROPERTY TAX

Current law provides a property tax exemption for trail groomers owned by nonprofit snowmobile, ATV, or UTV clubs. The bill would extend the property tax exemption for trail groomers to nonprofit off-highway motorcycle clubs.

This provision is expected to result in a minimal shift in local property taxes.

The department's administrative costs would be absorbed within existing budget authority.

### Long-Range Fiscal Implications