



## Fiscal Estimate Narratives

DOT 2/10/2006

LRB Number	05-2623/1	Introduction Number	AB-918	Estimate Type	Original
<b>Description</b> Registration fees for certain automobiles					

### Assumptions Used in Arriving at Fiscal Estimate

The Division Of Motor Vehicles, Registration and Titling System would require certain programming changes in order to allow for zero dollars charged for the annual registration fee and allow for the collection of other fees. The following tasks and assumptions are made:

- Registration type is automobile (AUT).
- The exemption for the registration fee would expire on December 31, 2009.
- Other fees may still need to be collected (e.g. personalized plate fees).
- When referring to miles per gallon (MPG) criteria, the 35 MPG applies to either city or highway.
- The renewal fee calculation and notice message will have to be modified when the fee is exempt to require the customer to send in the renewal to get their license plate stickers, even if no fees are owed.
- Currently, the vehicle table stores the fuel type of hybrid or electric. Vehicle fuel type will be checked for electric or hybrid and if yes, there would be no need to check MPG.
- Currently, vehicle information on transmission type and MPG are not stored by the agency. Data modeling would be required to create new data attributes to store this information on the vehicle table.
- Data on MPG by make, model and model year, would also be stored on the system.
- Customers would be surveyed to determine transmission type. Vehicle make, model, model year and transmission type are all required in order to determine fuel efficiency.
- The previous 28 years of fuel efficiency files would be down-loaded from the EPA web site. Each year thereafter, the current years table would need to down-loaded for the current year's new make and models. Once make, model, model year and transmission data are stored on the system, and the make and model information provided by Environmental Protection Agency is reconciled to the make and model information on the DMV system, then the system can automatically determine which vehicles are eligible for the exemption and which are not.

The Bureau of Information Technology Service estimates that it will take 150 days of effort to make the necessary changes to the Registration and Titling System. The first year costs total \$127,500 of which \$90,000 is personnel and \$37,500 would be CPU charges. The Bureau estimates that an additional 10 days per year for the subsequent three years would be required to update and maintain the programming changes for the exemption. This represents an additional \$8,500 per year for the subsequent four years.

As of December 31, 2005, there were four electric and 5,412 hybrid automobiles that would qualify for the exemption. This represents about \$300,000 in annual lost revenues for the four years of the exemption. As of December 31, 2005, there are approximately 3.3 million registered automobiles. Currently, the Department cannot determine how many of these vehicles would qualify for the registration fee exemption based on fuel efficiency. However, for every one percent of registered automobiles that might qualify for the proposed exemption, the Department would lose approximately \$1.8 million per year for the four fiscal years that would be impacted. Registration fees are pledged to repay transportation revenue bonds. Reduced revenues, if large enough, may have an adverse impact on the agency's credit rating and therefore increase the cost of debt service.

### Long-Range Fiscal Implications

Because AB 918 has a sunset date, the long range impacts of the bill are limited to the fiscal years actually impacted by the bill. Assuming that the bill is amended to provide a six-month delayed effective date, revenues would not be impacted in FY 2006. One-time cost would occur during FY 2006. Annual costs associated with updating and maintaining the computer program would fall in FY 2007, FY 2008, FY 2009 and FY 2010. Estimated total lost revenues of \$2.1 million would fall in FY 2007, FY 2008, FY 2009 and for half of FY 2010.

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-2623/1</b>	<b>Introduction Number</b> <b>AB-918</b>	
<b>Description</b> Registration fees for certain automobiles		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<p>The Department will incur approximately \$127,500 in first year costs associated with making changes to the Registration and Titling System computer program. This represents 150 days of effort and is split between \$90,000 in personnel costs and \$37,500 in CPU costs. In addition, for the four subsequent years of the registration fee exemption, the Department will incur \$8,500 annually to update and maintain the necessary programming.</p>		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$6,000	
(FTE Position Changes)		
State Operations - Other Costs	2,500	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$8,500</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	8,500	
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S	8,500	-2,100,000
<b>TOTAL State Revenues</b>	<b>\$8,500</b>	<b>\$-2,100,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	State	Local
NET CHANGE IN COSTS	\$8,500	\$
NET CHANGE IN REVENUE	\$-2,091,500	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
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