

Fiscal Estimate Narratives

DNR 2/7/2014

LRB Number	13-1601/3	Introduction Number	AB-0670	Estimate Type	Original
Description Registration of antique snowmobiles					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, snowmobiles with a model year of 1966 or older may be registered as an antique. Registering a snowmobile as an antique exempts the owner from having to re-register the snowmobile during the time he or she owns it. Snowmobiles that qualify for antique registration are required to pay a one-time fee of \$20.

This bill proposes to allow snowmobiles with a model year of 30 years or older to register as an antique, resulting in an increase in snowmobiles exempt from registration. The increase in snowmobiles exempt from registration will result in a decrease in registration revenue and subsequent decreases in revenues generated by the Motor Fuel Gas Tax Transfer.

I. Impact on Registration Revenue:

The public use registration fee for snowmobiles is \$30.00. Snowmobiles that qualify as antique are assessed a one-time fee of \$20. For every snowmobile registered as antique, registration revenue for the year the snowmobile is registered as antique will decrease by \$10 ($\$30.00 - \$20.00 = \10.00).

Registration revenue will continue to decrease as more snowmobile models become eligible for registration as an antique. Because antique snowmobiles are not required to register for public use every two years, the impacts of this bill will have a compounding effect in future years, as the full impact of the loss of the \$30 two year registration fee comes into play.

For example, an analysis of registration revenue for FY2015, the first year of implementation, is as follows:

FY 2015

Currently, a total of 10,478 snowmobiles are registered with the department that are model years 1967 through 1984. These snowmobiles would be eligible for antique status under this bill, thus they would pay the \$20 one-time fee, with a net loss to the Snowmobile Account of \$10 in that year. This would result in a decrease of \$104,780 in initial registration revenue ($10,478 \times \$10 = \$104,780$) for FY 15.

Subsequent Years

In subsequent years, given the growth in eligible antique snowmobiles and the two year nature of the registration cycle when the total impact of the lost \$30 registration fee is experienced, estimated loss in revenues are:

FY 2015, 10,478 snowmobiles, (\$104,780)
FY 2016, 922 snowmobiles, (\$9,220)
FY 2017, 1,089 snowmobiles, (\$325,230)
FY 2018, 1,852 snowmobiles, (\$46,180)
FY 2019, 1,741 snowmobiles, (\$364,420)
FY 2020, 2,951 snowmobiles, (\$112,730)

Cumulatively, the department estimates registration revenue to decrease by \$962,560 between FY2015-FY2020. As an estimate of ongoing annual revenue loss to the account, the average of FY 2019 and FY 2020 is used-- \$238,600 in registration fees.

II. Impacts to gas tax revenue:

The estimated decrease in gas tax revenue is based on the statutory gas tax transfer formula which in this case would be equal to the number of snowmobiles that were eligible to be registered as antiques in the

previous fiscal year multiplied by 50 gallons then multiplied by 0.309, the gas tax rate, then multiplied by 1.55 to take into account nonresident fuel usage, and added to the cumulative gas tax revenue lost through the previous fiscal year. The impact on active registration numbers would not occur until 2016.

An analysis of the projected loss of gas tax revenue from FY2016 through FY2020 is as follows:

FY 2016 (\$250,922)
FY 2017 (\$273,002)
FY 2018 (\$299,080)
FY 2019 (\$343,431)
FY 2020 (\$385,124)

Cumulatively, the department estimates the gas tax revenue to decrease by \$1,551,559 between FY2016-FY2020. As an estimate of ongoing annual revenue loss to the account, the average of FY 2019 and FY 2020 is used, which equates to \$364,300 in reduced gas tax revenue.

II. Impacts on Programming

This bill would require one-time programming changes to the Vehicle Registration System (VRS) at an estimated cost of \$15,000.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Registration of antique snowmobiles			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$15,000 in one-time programming costs.			
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			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
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			-602,900
TOTAL State Revenues		\$	\$-602,900
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-602,900	\$
Agency/Prepared By		Authorized Signature	
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		Date	
		2/7/2014	