



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 8, 2004

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 710/Senate Bill 414: Exempt Certain Farm Truck Tractors from Vehicle Registration

Assembly Bill 710 was introduced on December 19, 2003, and referred to the Assembly Committee on Transportation. On February 17, 2004, the bill was recommended for passage by the Committee on a 10 to 5 vote. The bill was referred to the Joint Committee on Finance on February 23, 2004.

Senate Bill 414 was introduced on January 29, 2004, and referred to the Committee on Transportation and Information Infrastructure. On February 18, 2004, the bill was recommended for passage by the Committee on a 5 to 0 vote. The bill was referred to the Joint Committee on Finance on March 4, 2004.

### **CURRENT LAW**

Currently, the owner of a farm truck tractor is required to pay an annual vehicle registration fee, which is 25% of the registration fee for a truck tractor having the same gross weight. The fee is determined on the basis of the maximum combined gross weight of the farm truck tractor and any trailer or semitrailer that the applicant proposes to combine with the farm truck tractor. The maximum combined gross weight is determined by adding together the weight in pounds of the combination of vehicles when equipped to carry a load and the maximum load in pounds that the applicant proposes to carry on the combination of vehicles.

A farm truck tractor is defined a truck tractor that is owned or leased and operated by a farmer and used exclusively for the transportation of supplies, farm equipment, and products on the owner's farm or between his or her farms, the transportation of farm products from the owner's farm

to market, and the transportation of supplies to his or her farm. To be considered a farm truck tractor, the vehicle must also be exempt from payment of the heavy vehicle use tax imposed by section 4481 of the Internal Revenue Code. A leased vehicle means that the farmer has entered into a written agreement with a person in the business of leasing vehicles to lease the truck tractor for a period of one year or more.

## **SUMMARY OF BILLS**

The bills would exempt certain farm truck tractor vehicles from the annual vehicle registration fee. Any farm truck tractor that is being operated solely in intrastate transportation and is transporting manure, grains, silage, haylage, or equipment between fields, or between a farm and a field at the time of operation would be exempt from the vehicle registration fee. Also, if the farm truck tractor is being operated from its point of purchase to the operator's farm, the vehicle would be exempt from the fee. Common motor carriers or contract motor carriers involved in these activities would not be exempt from the fee.

The bills would take effect on the day after publication.

## **FISCAL EFFECT**

Currently, farm truck tractors pay a reduced registration fee that is equal to 25% of the fee paid for trucks tractors having the same gross weight. For example, a truck tractor registered at 80,000 pounds pays an annual registration fee of \$1,969.50, while a farm truck tractor registered at the same weight pays an annual registration fee of \$492.38.

In its fiscal estimate to the bills, the Department of Transportation (DOT) indicates that there are currently 1,675 farm truck tractors registered in Wisconsin, with 77%, or 1,290 of those vehicles registered at the 80,000 weight class.

However, the bills would exempt only a portion of the currently registered farm truck tractors from the annual vehicle registration fee. Only those farm truck tractors transporting manure, grains, silage, haylage, or equipment between fields, or between a farm and a field at the time of operation, or from the point of purchase to the operator's farm would be exempt from the fee. Any other use on a highway would subject the farm truck tractor to the current registration fee. DOT indicates that if 10% of the currently registered farm truck tractors would be exempt from the registration fee, revenues to the transportation fund would be reduced by \$75,700 annually. Assuming that the exemption under the bills would be effective by April 1, 2004, and that the registrations are distributed equally throughout the year, the bills would reduce transportation revenues by \$18,900 in 2003-04 and \$75,700 in 2004-05.

Prepared by: Al Runde