



Legislative Fiscal Bureau

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September 21, 2005

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 29: Vehicle Registration of Trailers Owned by Volunteer Fire Departments

Assembly Bill 29 was introduced on January 20, 2005, and referred to the Committee on Transportation. On March 24, 2005, that Committee recommended the bill for passage on a vote of 14 to 0. On March 28, the bill was referred to the Joint Committee on Finance.

BACKGROUND

Under current law, certain vehicles are subject to a five-year vehicle registration, for which the registration fee is \$5. This registration provision applies to, among other vehicles, school busses, driver education vehicles, blood bank vehicles operated by nonprofit organizations, and fire trucks owned and operated exclusively by an incorporated volunteer fire department.

Trailers that are over 3,000 pounds are subject to annual vehicle registration at a fee based on the weight of the trailer. The fee is equal to one-half of the fee for a truck of the same weight. Trailer fees range from \$24.25 for a trailer not more than 4,500 pounds, to \$984.75 for a trailer registered at 80,000 pounds.

SUMMARY OF BILL

Assembly Bill 29 would include trailers owned and operated exclusively by an incorporated volunteer fire department in the list of vehicles that are registered for five years at a fee of \$5, instead of, under current law, the annual, weight-based fee schedule amount. This provision would first apply to registration applications for trailers submitted on the effective date of the bill.

ASSEMBLY AMENDMENT 1

Assembly Amendment 1 to AB 29 would provide \$11,900 SEG in the appropriation for the Division of Motor Vehicles in the fiscal year that the bill is enacted. The funds would be provided for computer modification and data processing costs associated with changes under AB 29. If the bill is enacted in 2006-07, the amendment would require DOT to make an adjustment, in its 2007-09 biennial budget request, to the appropriation for the Division of Motor Vehicles, to remove this funding from the appropriation base for the purposes of the 2007-09 budget process.

FISCAL EFFECT

In its fiscal estimate for AB 29, the Department of Transportation estimates that there would be a one-time increase in costs of \$11,900 associated with implementing the provisions of the bill and an ongoing, annual revenue loss of \$14,900. The additional expense is associated with data processing changes needed to incorporate volunteer fire department trailers into the five-year vehicle registration category and with the one-time costs for re-registering these vehicles, including workload costs and the cost of purchasing and issuing new license plates.

The revenue loss is based on the assumption that there would be 350 trailers that are currently registered annually under the weight-based fee schedule that, under the bill, would instead be subject to a \$5 fee every five years. This estimate assumes that one-half of the 700 volunteer fire departments in the state has one qualifying trailer. The Department assumes that all of these trailers are currently registered at or below 12,000 pounds, at an annual fee ranging from \$24.25 to \$80.50. The net reduction in registration revenue associated with the switch from the current fee schedule to the \$5 fee is \$74,600 for five years, or \$14,900 on an annual basis.

Assembly Amendment 1 to AB 29 would increase the appropriation for the Division of Motor Vehicles by \$11,900 on a one-time basis to provide funding for implementing the provisions of the bill. If the bill were to be enacted as amended, the net effect of the appropriation increase and the revenue reduction (assuming a nine-month effect in 2005-06) on the transportation fund balance in the biennium would be a reduction of \$38,000. The estimated biennium-ending balance in the transportation fund is \$481,700, so the passage of the bill, as amended by AA 1, would not result in a negative balance in the fund.

Prepared by: Jon Dyck