



Legislative Fiscal Bureau

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

May 25, 2005

Joint Committee on Finance

Paper #718

Vehicle Registration Fee Increase for Automobiles and Light Trucks; Vehicle Title Fee Increases (DOT -- Transportation Finance)

[LFB 2005-07 Budget Summary: Page 469, #4; Page 470, #5; and Page 471, #6]

CURRENT LAW

The Department of Transportation assesses a \$55 annual registration fee for automobiles, which are defined to include passenger vans and sport utility vehicles. The registration fee for motor trucks is based upon their gross weight. Trucks that are 8,000 pounds or less are considered to be light trucks, with current registration fees as follows: (a) \$48.50 for trucks 4,500 pounds or less; (b) \$61.50 for trucks that more than 4,500 pounds but not more than 6,000 pounds; and (c) \$77.50 for trucks that are more than 6,000 pounds but not more than 8,000 pounds.

All motor vehicles must have a certificate of title, which serves as proof of ownership. For most new vehicle title and title transfer transactions, applicants for a certificate of title pay a total of \$35, which is composed of an \$18.50 standard title fee, a \$7.50 supplemental title fee, and a \$9.00 environmental impact fee. The fee for a duplicate certificate of title, to replace a certificate that is lost or destroyed, is \$8.

Revenue from vehicle registration and title fees (except the environmental impact fee) and other vehicle-related fees is collected by a third-party trustee and used to pay debt service on the transportation revenue bonds issued for major highway development projects and administrative facilities. Revenue that exceeds the amount needed to pay debt service is remitted to the state treasury for deposit in the transportation fund.

GOVERNOR

Vehicle Registration Fee Increases. Increase the annual vehicle registration fee for passenger vehicles (automobiles, vans, and sport utility vehicles) by \$10, from \$55 currently to \$65, effective on January 1, 2006. (This increase would also apply to human service vehicles and certain school buses, which have their registration fees set at the same level as that for passenger vehicles.) Increase the annual registration fee for light trucks, as follows: (a) an increase of \$16.50, from \$48.50 currently to \$65, for trucks that are 4,500 pounds or less; (b) an increase of \$9.50, from \$61.50 currently to \$71, for trucks that are more than 4,500 pounds but not more than 6,000 pounds; and (c) an increase of \$9.50, from \$77.50 currently to \$87, for trucks that are more than 6,000 pounds but not more than 8,000 pounds. (These increases would also affect several other categories of vehicle that are 8,000 pounds or less and are registered on the basis of weight using the same fee schedule, such as certain trailers, special mobile equipment, farm trucks, and dual purpose farm trucks). Increase estimated transportation fund revenue by \$23,201,300 in 2005-06 and \$47,656,300 in 2006-07 to reflect these increases.

Vehicle Title Fee Increase. Increase the vehicle title fee (paid upon the original issuance of a title and upon a title issued following a vehicle transfer) by \$10, effective on the first day of the fourth month beginning after publication of the budget act. Increase estimated transportation fund revenue by \$11,250,000 in 2005-06 and \$15,000,000 in 2006-07 to reflect this change.

Replacement Title Fee Increase. Increase the fee for a replacement title (issued to replace a title that has been lost or destroyed) by \$12, from \$8 to \$20, effective on the first day of the fourth month beginning after publication of the budget act. Increase estimated transportation fund revenue by \$485,200 in 2005-06 and \$646,900 in 2006-07 to reflect this change.

DISCUSSION POINTS

1. The following table summarizes the major transportation fund fee increases in the bill and an estimate of the revenue generated by each item. The revenue amounts shown are reestimates of the amounts reflected in the bill, which result in slight reductions for the auto registration fee increase (-\$34,300 in 2005-06 and -\$76,200 in 2006-07) and for the light truck fee increase (-\$114,300 in 2005-06 and -\$257,200 in 2006-07). [These reestimates are reflected in the transportation fund condition statement presented in LFB Paper #715]. The other revenue estimates are the same as those reflected in the bill. In addition to the fees discussed in this paper, the table also shows the increase to the vehicle rental fee. [In action taken on April 26, the Committee voted to approve the vehicle rental fee increase.] As shown in the table, the total transportation fund revenue generated by these fees over the biennium is estimated at \$101,557,700.

<u>Item</u>	<u>Current Fee</u>	<u>AB 100 Proposed Fee</u>	<u>Estimated Revenue</u>	
			<u>2005-06</u>	<u>2006-07</u>
Vehicle Registration, Autos	\$55.00	\$65.00	\$17,183,900	\$34,978,000
Vehicle Registration, Light Trucks				
Under 4,500 Pounds	48.50	65.00	\$3,029,200	\$6,371,900
4,500 Pounds to 6,000 Pounds	61.50	71.00	2,096,200	4,409,300
6,000 Pounds to 8,000 Pounds	77.50	87.00	<u>743,400</u>	<u>1,563,700</u>
Total for Light Trucks			\$5,868,800	\$12,344,900
Vehicle Title*	35.00	45.00	11,250,000	15,000,000
Replacement Title	8.00	20.00	485,200	646,900
Vehicle Rental Fee (% of Gross Receipts)	3.0%	5.0%	<u>1,600,000</u>	<u>2,200,000</u>
Total Revenue			\$36,387,900	\$65,169,800
Biennial Total Revenue				\$101,557,700

* Includes the supplemental title fee (\$7.50), the environmental impact fee (\$9.00), and the basic title fee, which is \$18.50 currently and would be raised to \$28.50 under the bill.

2. The Executive Budget Book indicates that the transportation fee increases are "needed to maintain the state's quality transportation infrastructure" and cites the increases provided for transportation programs as the benefits of the fee increases. The bill would provide funding increases for several transportation programs, including state highway construction and maintenance programs, local road and mass transit programs, and the harbor, freight rail, and airport improvement programs.

3. Although the bill would provide funding increases for DOT programs, it would also increase the use of transportation fund revenues for programs that are currently funded from the general fund. This is done in three different ways. First, the bill would transfer \$250,000,000 in 2005-06 and \$18,058,100 in 2006-07 from the transportation fund to the general fund. Second, the bill would convert 15 general fund appropriations in non-DOT agencies to transportation fund appropriations and would create another two transportation fund appropriations in non-DOT agencies, totaling \$32,502,700 SEG in 2005-06 and \$42,872,300 SEG in 2006-07. Third, the bill would deposit the revenues generated by the \$7.50 supplemental vehicle title fee in the nonpoint account of the environmental fund instead of the transportation fund, a decision that would reduce estimated transportation fund revenues by \$11,250,000 annually. Since this amount of revenue would accrue instead to the nonpoint account, the bill would eliminate GPR support of the nonpoint pollution programs, for an estimated GPR savings of \$10,695,000 annually. The following table summarizes the increased use of transportation fund revenues for general fund purposes under the bill. In addition to these initiatives in the bill, there is also an existing transportation fund appropriation funded at \$60,000,000 annually, for K-12 education aids, which was created by 2003

Act 33. The table shows this appropriation separately.

<u>Item</u>	<u>2005-06</u>	<u>2006-07</u>	<u>Biennial Total</u>
Transfer to the General Fund	\$250,000,000	\$18,058,100	\$268,058,100
Convert GPR Appropriations to SEG	32,502,700	42,872,300	75,375,000
Supplemental Title Fee to Environmental Fund	11,250,000	11,250,000	22,500,000
K-12 Education Aids (Current Law)	<u>60,000,000</u>	<u>60,000,000</u>	<u>120,000,000</u>
Total	\$353,752,700	\$132,180,400	\$485,933,100

4. Of the amounts shown in the above table, the \$250,000,000 fund transfer in the first year is replaced with GPR-supported bonds (used in the state highway rehabilitation program), and so does not negatively impact spending on transportation programs in either the short or long term. The biennial total of the remaining new items (excluding the current law K-12 education aids appropriation) is \$115,933,100, which exceeds the amount generated over the biennium by the major fee increases by \$14,375,400. Consequently, while the rationale given for increasing the fees was to maintain and increase spending for transportation programs, the same (or higher) level of spending for DOT programs could be provided without the fee increases, if transportation fund revenues were not diverted for non-DOT programs.

5. While a decision to delete both the transportation fee increases and the new inter-fund items described under Point #3 (except for the \$250,000,000 transfer) would leave \$14.4 million available for providing additional increases for DOT programs in the 2005-07 biennium, this would leave a lower amount of transportation fund revenues available on an ongoing basis than under the bill. Specifically, the fee increases in the bill would generate \$65,169,800 in 2006-07 (the base year), while the ongoing "cost" associated with the appropriation conversion and supplemental title fee items would be \$54,122,300.

6. The 2003-05 biennial budget act (Act 33) also increased vehicle registration and title fees. The registration fee for automobiles was increased by \$10, from \$45 to \$55, and the standard title fee was increased by \$10, from \$8.50 to \$18.50 (or from \$25 to \$35 when the supplemental title fee and environmental impact fee are included). The registration fees for light trucks, however, have not been increased since the 1997-99 biennial budget, when the fee in each weight classification was increased by 7.5%. Prior to the increases in the 2003-05 biennial budget, the last increases to the automobile registration and standard title fees were included in the 1997-99 budget, when the automobile registration fee was raised from \$40 to \$45 and the title fee was raised from \$5 to \$8.50.

7. The Executive Budget Book notes that Wisconsin would have the lowest automobile registration fee in the Midwest even with the increase in the bill. The comparison of vehicle registration fees across states is complicated somewhat by several factors. For instance, 23 states have a fee structure under which the amount owed on a particular vehicle varies depending upon the

vehicle's value, age, weight, or other factors. Consequently, Wisconsin's flat vehicle registration fee may be higher than the registration fee in one of these states for a certain vehicle model, but lower for other models. In some other states, it may be common for local governments to impose a local registration fee, causing the fee to vary from place to place within a state. (Wisconsin also authorizes local governments to impose a local vehicle registration fee, but it is not commonly imposed.) Finally, while not a registration fee per se, 37 states have some type of state or local excise tax on vehicles, commonly a state or local property tax. Since these taxes are based upon some measure of the value of the vehicle, the amount collected for each vehicle varies.

8. DOT prepares an annual report that provides a comparison of vehicle registration fees, and other vehicle fees, in the fifty states and the District of Columbia. Because the fee may vary, in many states, depending upon the value of the vehicle or on other factors, DOT's report chooses a late-model, mid-size sedan for the basis of comparison. For this particular type of vehicle, the registration fees in all four of the states bordering Wisconsin are currently higher than the \$65 fee proposed under the bill. However, all four of the surrounding states rank within the top six states on registration fees (not including excise taxes) for this particular type of vehicle and the proposed fee of \$65 would give Wisconsin the eighth highest registration fee.

9. Three of the four states surrounding Wisconsin (all but Illinois) have a value-based registration system. Under all three, the fees are highest in the initial year or years following the vehicle's model year. These fees gradually decline as the vehicle ages and, in some cases, eventually go below Wisconsin's flat registration fee. The following table shows the fees that would have been paid in 2004 for several types and model years of vehicles in the surrounding states.

	<u>Illinois</u>	<u>Iowa</u>	<u>Michigan</u>	<u>Minnesota</u>	<u>Wisconsin</u>
2004 Model Year					
Ford Expedition (SUV)	\$78.00	\$437.00	\$216.00	\$533.50	\$55.00
Ford Taurus (Mid-size sedan)	78.00	210.00	106.00	260.50	55.00
Ford Focus (Compact)	78.00	142.00	76.00	179.50	55.00
1999 Model Year					
Ford Expedition	78.00	256.00	135.00	103.50	55.00
Ford Taurus	78.00	144.00	72.00	103.50	55.00
Ford Escort (Compact)	78.00	96.00	50.00	103.50	55.00
1994 Model Year					
Chevy Suburban (SUV)	78.00	35.00	95.00	39.50	55.00
Ford Taurus	78.00	35.00	69.00	39.50	55.00
Ford Escort	78.00	35.00	43.00	39.50	55.00

10. The table shown in the previous point shows only state registration fees. According to the Department's 2004 fee comparison report, the proposed \$10 increase in the registration fee would give the state the 21st highest fee (for a 2003 mid-sized sedan) if all state and local vehicle registration fees and excise taxes are included. Without the increase, the state's fee would rank 23rd on this measure.

11. As noted above, if a decision is made to eliminate provisions in the bill that divert transportation fund revenues to general fund purposes, the Legislature could provide slightly larger increases for transportation programs than the bill without adopting the proposed transportation fee increases. However, there could be reasons that the Committee may decide to retain some or all of those fee increases, which are outlined in the next two points.

12. One reason that the Committee may decide to retain all or part of the fee increases would be if other decisions are made to reduce the amount of transportation bonding used in the bill without making corresponding decreases in the total amount of transportation spending. The bill includes two major initiatives to increase the use of transportation fund-supported bonding. First, the bill would provide \$213,100,000 in long-term bonds for the Marquette Interchange reconstruction project. During deliberations on the 2003-05 budget, many legislators expressed a desire to avoid creating new, long-term debt service commitments for the southeast Wisconsin freeway reconstruction projects. Consequently, the Legislature passed provisions that would have provided short-term bonds for the Marquette Interchange project, whose sole purpose would have been to even out project expenditures between the years that the project was under construction and, therefore, would have been retired by the end of the final year. These short-term bonding provisions were vetoed by the Governor, but the Legislature could choose to again adopt this policy for the financing of the rest of the project in the 2005-07 biennium. This decision, however, would require that additional funding be applied for paying the bond principle over a much shorter period of time. Depending upon various factors, this strategy may require an additional \$60 million in SEG funding in 2006-07. The second significant increase in the use of transportation-fund supported bonds under the bill would be in the major highway development program. In addition to providing a 2.0% annual inflationary adjustment for the program, the bill would provide an increase of \$50 million in 2006-07, of which \$17.2 million would be provided with revenue bond proceeds. If a similar increase is desired without increasing the use of bonds, then cash sources would have to be substituted for the bonds.

13. A second reason that the Committee may decide to retain the fee increases would be if it is determined that some or all of the uses of transportation fund revenues for general fund purposes are found to be necessary, given the fiscal condition of the state's general fund. Reversing the bill's provisions related to the use of transportation fund revenues in non-DOT agencies would require a reduction in general fund expenditures or an increase in one or more general fund taxes or fees, or some combination of these two approaches. If the Committee decides not to choose either of these alternatives, the adoption of some or all of the bill's provisions related to the use of transportation fund revenues for general fund purposes may be necessary.

14. There are various alternative approaches that could be taken if the Committee decides to adopt some type of vehicle registration fee increase. For instance, a decision could be made to reduce the amount of the increase for either the automobile registration or truck registration fees, or for both. A case could be made for retaining the light truck fee increase, but eliminating the fee increase for automobiles, on the grounds that the automobile fee was increased more recently. Alternatively, a fee increase could also be imposed for the heavier truck categories, which would not be affected by the increases in the bill.

15. Under current law, the fee for trucks in the 4,500 pound category is less than the current fee for automobiles (\$48.50 versus \$55), a situation that was created because Act 33 raised the automobile fee from \$45 to \$55, but did not affect the fees for trucks. The fee increases under the bill would establish the same fee, at \$65, for automobiles and for trucks in the 4,500 pound category.

16. The registration fees for trucks over 8,000 pounds would not be affected by the bill and have not been raised since the 1997-99 biennium. According to data collected for a 2001 study conducted by the Oregon Department of Transportation, Wisconsin had the third-highest registration fee for a truck registered at 80,000 pounds (the maximum weight for trucks without an overweight permit). However, as with automobiles, many states also levy property taxes and a few collect a weight-distance tax, both of which are not collected in Wisconsin. If the amounts collected from these sources and other miscellaneous vehicle taxes are included in the analysis, Wisconsin's fee was ranked 25th-highest.

17. The consumer price index for urban consumers has increased 18.9% since the last increase in truck registration fees (under the bill, the auto registration fee would increase by 44.4% over the same period). Therefore, the fees for heavy trucks could be increased by 5% or 10% and still be below the fee in 1998 on an inflation-adjusted basis. The current registration fee for an 80,000 pound tractor-trailer combination is \$1,987.50 (\$1,969.50 fee plus \$18 truck tractor surcharge). A 5% increase (rounded to the nearest whole dollar) would raise the total fee to \$2,086, while a 10% increase would raise it to \$2,184.

18. Although the transportation fund revenue estimates for the registration fee increases are based on a January 1, 2006, effective date, the bill would establish that effective date only for the automobile fee increases and not the truck fee increases. The bill would have to be amended to establish a delayed effective date for the truck fees. Additionally, with the last registration fee increase in 2003 Act 33, an initial applicability provision was included, instead of an effective date, to clarify that the fee increase would first apply to all vehicles with registration periods that begin on the date chosen by the Legislature. Since for any given registration period, many vehicle owners will pay before the start of the period and some will pay after the period has begun, an initial applicability provision would allow all vehicle owners with the same registration period to be treated the same.

19. The effective date of the registration fee increases would be January 1, 2006, or about five months following passage if the bill is signed in July. By comparison, the \$10 automobile registration fee increase under Act 33 was made to first apply to registrations beginning on October 1, 2003, or slightly over two months following that act's general effective date. If the fee increases are adopted, a decision could be made to establish an October 1, 2005, initial applicability date, which would provide a similar amount of time for the Department to implement the increase if the bill is passed and signed by the end of July. This alternative would provide an additional three months of revenues in 2005-06, relative to the bill. If the increases for automobiles and light trucks are retained as in the bill, an additional three months of revenue would be estimated at \$11,527,100 in 2005-06.

20. The following table shows the revenues that would be generated by various fee alternatives for automobiles, light trucks, and heavy trucks, assuming an October 1, 2005, initial applicability date. The first lines under automobiles and light trucks show the increases under the bill and a reestimate of revenues for those increases, also assuming an October 1, 2005, initial applicability date for the automobile and light truck increases. Because of the additional time required to implement fee increases for heavy trucks (due to requirements under the International Registration Plan), the initial applicability date for those increases would be January 1, 2006.

	Estimated Revenue		Change to Bill	
	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>
Automobiles				
\$10 Increase	\$25,775,800	\$34,978,000	\$8,591,900	\$0
\$5 Increase	12,887,900	17,489,000	-4,296,000	-17,489,000
Light Trucks				
Bill Increases				
4,500 Lbs.--\$16.50 Increase	\$4,544,100	\$6,371,900	\$1,514,900	\$0
6,000 Lbs.--\$9.50 Increase	3,144,600	4,409,300	1,048,400	0
8,000 Lbs.--\$9.50 Increase	<u>1,115,300</u>	<u>1,563,700</u>	<u>371,900</u>	<u>0</u>
Light Truck Total	\$8,804,000	\$12,344,900	\$2,935,200	\$0
Approx. One-Half of Bill				
4,500 Lbs.--\$8.50 Increase	\$2,340,900	\$3,282,700	-\$688,300	-\$3,089,200
6,000 Lbs.--\$5.50 Increase	1,820,600	2,553,000	-257,600	-1,856,300
8,000 Lbs.--\$5.50 Increase	<u>645,700</u>	<u>905,500</u>	<u>-97,700</u>	<u>-658,200</u>
Light Truck Total	\$4,807,200	\$6,741,200	-\$1,061,600	-\$5,603,700
Heavy Trucks (Over 8,000 Lbs.)				
5% Increase	\$3,586,300	\$7,481,400	\$3,586,300	\$7,481,400
10% Increase	7,172,500	14,962,900	7,172,500	14,962,900

21. The bill would increase both the standard title fee and the duplicate title fee. The standard title fee would be increased by \$10, from \$18.50 to \$28.50. When added to the other fees paid on most title transactions (the \$7.50 supplemental title fee and the \$9 environmental impact fee), the increase to the standard fee would raise the total amount paid from \$35 to \$45. The fee for a duplicate title (to replace a certificate of title that is lost or destroyed), would be increased by \$12, from \$8 to \$20.

22. The standard title fee was last raised on October 1, 2003, by Act 33, from \$8.50 to \$18.50. The duplicate title fee was last raised in 1983, from \$7 to \$8.

23. Unlike vehicle registration fees, which are paid on an annual basis, standard vehicle title fees are only paid upon a change of vehicle ownership. Consequently, title fees are frequently paid at the same time as the vehicle is purchased and may be included within a larger financing

transaction. For these reasons, a \$10 increase to the title fee may be less burdensome than a similar increase to the vehicle registration fee.

24. Wisconsin's current title fee of \$35 is already among the highest in the country. Over 30 states have a title fee that is \$20 or less, perhaps indicating that the fee is used more to defray the costs associated with processing applications and issuing the document, than to provide a significant revenue source for transportation programs. Minnesota, for instance, has a title fee of just \$3, while Iowa's fee is \$15. Other states, like Wisconsin, likely use the title fee as a more significant revenue source for transportation programs. Illinois, for instance, has a title fee of \$65.

25. Given that the standard title fee was raised by \$10 in the 2003-05 budget, the Committee could decide to adopt a transportation budget without the title fee increase or with a smaller increase. Reducing the increase to \$5, for instance, would generate half the amount of revenue as the bill, or \$5,625,000 in 2005-06 and \$7,500,000 in 2006-07. An increase in the duplicate title fee of \$6, instead of \$12, would generate \$242,600 in 2005-06 and \$323,500 in 2006-07.

26. The revenue estimates for both the standard and duplicate title fee increases are based on the assumption that the fee increases would take effect on October 1, 2005, which DOA indicates was the intended effective date. However, under the bill, the increases would take effect on the first day of the fourth month beginning after publication. In order for this date to fall on October 1, the act would have to be published prior to July 1, 2005. To ensure that the fee increases, if adopted, become effective on October 1, the bill could be amended to create an October 1, 2005, effective date.

ALTERNATIVES

A. Registration Fee Increases

1. Adopt the Governor's recommendation to increase the annual vehicle registration fee for automobiles by \$10 (from \$55 to \$65) and the annual registration fee for light trucks by \$16.50 for trucks in the 4,500 pound category (\$48.50 to \$65), by \$9.50 for trucks in the 6,000 pound category (\$61.50 to \$71), and by \$9.50 for trucks in the 8,000 pound category (\$77.50 to \$87). Modify the Governor's provision, however, to create an initial applicability date for both the automobile and light truck registration fee increases of January 1, 2006.

2. Adopt the Governor's recommendation to increase registration fees for automobiles and light trucks, but establish an October 1, 2005, initial applicability date. Increase estimated transportation fund revenue by \$11,527,100 in 2005-06 to reflect this change.

Alternative A2	SEG
2005-07 REVENUE (Change to Bill)	\$11,527,100

3. Instead of the increases recommended by the Governor, adopt one or more of the fee increases shown in the following table for automobiles, light trucks, or heavy trucks and specify that the increase or increases would first apply to registration periods beginning on October 1, 2005, for the automobile and light truck alternatives and on January 1, 2006, for the heavy truck alternatives.

	Estimated Revenue		Change to Bill	
	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>
Automobiles				
a. \$10 Increase	\$25,775,800	\$34,978,000	\$8,591,900	\$0
b. \$5 Increase	12,887,900	17,489,000	-4,296,000	-17,489,000
Light Trucks				
c. Bill Increases				
4,500 Lbs.--\$16.50 Increase	\$4,544,100	\$6,371,900	\$1,514,900	\$0
6,000 Lbs.--\$9.50 Increase	3,144,600	4,409,300	1,048,400	0
8,000 Lbs.--\$9.50 Increase	<u>1,115,300</u>	<u>1,563,700</u>	<u>371,900</u>	<u>0</u>
Light Truck Total	\$8,804,000	\$12,344,900	\$2,935,200	\$0
d. Approx. One-Half of Bill				
4,500 Lbs.--\$8.50 Increase	\$2,340,900	\$3,282,700	-\$688,300	-\$3,089,200
6,000 Lbs.--\$5.50 Increase	1,820,600	2,553,000	-257,600	-1,856,300
8,000 Lbs.--\$5.50 Increase	<u>645,700</u>	<u>905,500</u>	<u>-97,700</u>	<u>-658,200</u>
Light Truck Total	\$4,807,200	\$6,741,200	-\$1,061,600	-\$5,603,700
Heavy Trucks (Over 8,000 Lbs.)				
e. 5% Increase	\$3,586,300	\$7,481,400	\$3,586,300	\$7,481,400
f. 10% Increase	7,172,500	14,962,900	7,172,500	14,962,900

4. Delete provision.

Alternative A4	SEG
2005-07 REVENUE (Change to Bill)	- \$70,375,600

B. Vehicle Title Fee

1. Adopt the Governor's recommendation to increase the standard vehicle title fee by \$10 (\$18.50 to \$28.50), but modify the Governor's recommendation to specify that the increase would be effective on October 1, 2005. Increase estimated transportation fund revenue by \$11,250,000 in 2005-06 and \$15,000,000 in 2006-07.

2. Modify the Governor's recommendation by increasing the vehicle title fee by \$5 (\$18.50 to \$23.50), effective October 1, 2005, instead of by \$10. Decrease estimated transportation fund revenue, relative to the bill, by \$5,625,000 in 2005-06 and \$7,500,000 in 2006-07.

<u>Alternative B2</u>	<u>SEG</u>
2005-07 REVENUE (Change to Bill)	- \$13,125,000

3. Delete provision.

<u>Alternative B3</u>	<u>SEG</u>
2005-07 REVENUE (Change to Bill)	- \$26,250,000

C. Replacement Vehicle Title Fee

1. Adopt the Governor's recommendation to increase the fee for a replacement title by \$12, (\$8 to \$20), but modify the Governor's recommendation to specify that the increase would be effective on October 1, 2005. Increase estimated transportation fund revenue by \$485,200 in 2005-06 and \$646,900 in 2006-07.

2. Modify the Governor's recommendation by increasing the fee for a replacement title by \$6 (\$8 to \$14), effective on October 1, 2005, instead of by \$12. Decrease estimated transportation fund revenue, relative to the bill, by \$242,600 in 2005-06 and \$323,500 in 2006-07.

<u>Alternative C2</u>	<u>SEG</u>
2005-07 REVENUE (Change to Bill)	- \$566,100

3. Delete provision.

<u>Alternative C3</u>	<u>SEG</u>
2005-07 REVENUE (Change to Bill)	- \$1,132,100

Prepared by: Jon Dyck