



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #632

### **Transportation Revenue Options (Transportation -- Transportation Finance)**

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#### **CURRENT LAW**

The state transportation fund is the largest source of funding for transportation programs, with actual revenues (including transfers from other funds) of \$1.84 billion in 2013-14. The motor vehicle fuel tax is the largest source of revenue in the transportation fund, accounting for 54.3% of gross revenues in 2013-14. Vehicle registration fee revenues, including titling and various other registration-related fees, made up another 35.7% of gross transportation fund revenues in that year. Some of the other lesser fee revenues to the fund include driver's license fees and airline and railroad ad valorem taxes, among others.

#### **GOVERNOR**

No provision.

#### **DISCUSSION POINTS**

##### **Background**

1. Issues and concerns relating to the long-term sustainability of the transportation fund have been well-documented and have been ongoing for several biennia. Recognizing the issues facing transportation finance in the state, the Legislature has established two, separate commissions over the past 10 years to, in part, study and recommend solutions to the fund's financial issues. The Joint Legislative Committee on Transportation Needs and Financing (commonly referred to as the "Road to the Future Committee") was a special joint legislative committee that convened in 2006 to consider various issues related to surface transportation. The Wisconsin Transportation Finance and Policy Commission, established in the 2011-13 biennial budget, was required to develop a 10-year

expenditure and revenue scenario for transportation programs.

2. While the "Road to the Future Committee" only identified possible revenue options, the Transportation Finance and Policy Commission found that the revenues generated by current transportation taxes and fees were not sufficient to address the level of transportation expenditures recommended by the Commission. As a result, to provide the funding necessary to meet these expenditure goals (and to replace revenues from one-time sources), the Commission recommended a series of transportation tax and fee increases to generate an average of \$639.1 million in new, annual revenues, including a five-cent per gallon increase in the motor fuel tax.

3. In addition, the DOT Secretary, in his agency's 2015-17 budget request, indicated that the Governor gave him a charge to find a long-term solution for ensuring the state's transportation system continues to support economic development in Wisconsin while also developing a sustainable way to fund it. DOT's 2015-17 biennial budget request reflected this charge and included over \$751 million in revenue increases and over \$547 million in additional support from other funds. None of these additional revenues were included in the Governor's 2015-17 biennial budget recommendations.

4. Instead of increasing transportation revenues, the Governor's budget would continue the recent practice of extensively using borrowing to make up for the lack of available revenues in the transportation fund to meet transportation program demands in the biennium. Adopting this level of borrowing would add to the problems facing the fund, as debt service costs associated with using ever larger amounts of bonding would consume a growing share of available fund revenues. A separate LFB Issue Paper provides additional information on the transportation bonding under AB 21/SB 21 and issues related to the state's use of transportation fund-supported borrowing.

5. As the two recent studies indicated, state highway program expenditure demands are likely to remain at or above current levels for the next several biennia. This means that any lasting solution for the long-term sustainability of the transportation fund will likely have to address the revenue side of the fund's condition statement. Revenues to the transportation fund have been relatively stagnant in recent years, particularly since the repeal of annual indexing of the motor vehicle fuel tax rate after that rate was last indexed in April, 2006. A registration fee increase for all vehicle types, effective January 1, 2008, was the last major revenue increase to the fund.

6. From the 2003-05 biennium through the 2009-11 biennium, \$1.4 billion in funds from the transportation fund were transferred to the general fund or directly appropriated for general fund programs. However, after several biennia in which there was a net loss to transportation programs associated with fund transfers, budgetary measures adopted in more recent biennia have reversed this loss. With the provisions adopted under 2013 Act 20, the 12-year, cumulative total change is a net gain to transportation programs of \$306.6 million. Regardless of this, the significant use of transportation funds for non-transportation purposes may have led to some reluctance to increase transportation fund revenues during this period for fear that the increased funds would again be used for such purposes.

7. This concern over transportation funds "leaking out" of the fund for other purposes led the Legislature to propose a constitutional amendment, which passed in the 2014 fall general

election, that limits the possibility of using existing and future transportation revenues for non-transportation purposes. Given this added assurance that any increase in transportation fund revenues will no longer be able to "leak out" of the fund for other purposes, some of the reluctance to support a sizeable revenue increase to better meet the funding demands on the transportation fund may have diminished.

### **Possible Revenue Increases**

8. During the past few months, this office has received inquiries into possible revenue increases that could be enacted to improve the long-term sustainability of the transportation fund, including meeting the current and future program demands on the fund. The consideration given to any revenue increase option should take into account the level of revenue generated, in the biennium and the long-term, from the tax relative to the administrative burden on the state and businesses in collecting the tax. The revenue increases discussed in this paper are included as possible options because they largely have administrative systems in place that could be used for their collection and they would generate revenues to the transportation fund that are sufficient to address the state's long-term transportation finance issues in a significant manner.

#### ***Five-Cent Increase in the Motor Vehicle Fuel Tax Rate***

9. This option (Alternative 1) would, effective August 1, 2015, increase the current 30.9 cents per gallon motor vehicle fuel tax rate by five cents per gallon to 35.9 cents per gallon. Estimated revenues to the transportation fund would increase by \$151,400,000 in 2015-16 and \$167,200,000 in 2016-17. In addition, transfers to the conservation fund associated with the increase in the motor vehicle fuel tax rate would increase in 2016-17 as follows: (a) \$2,142,400 under the motorboat formula; (b) \$852,800 under the snowmobile formula; (c) \$337,400 under the all-terrain vehicle formula; and (d) \$37,500 under the utility terrain vehicle formula.

10. Whenever the fuel tax rate is changed, a floor tax is imposed on any person possessing motor vehicle fuel on which the previous fuel tax has been paid, if the fuel is being held for sale or resale. This tax is equal to the number of gallons multiplied by the difference between the old and new tax rates. The floor tax must be paid by the fifteenth day of the month in which a tax rate change occurs. This tax is designed to prevent the filling of retailers' supply tanks prior to a fuel tax increase to avoid payment of the higher tax. If the fuel tax rate is decreased, the floor tax provision is used to provide a refund to any person holding fuel for sale or resale purposes. If the fuel tax is raised, additional revenue may be realized from the floor tax provision being applied to the tax rate change.

11. The motor vehicle fuel tax rate was last increased on April 1, 2006, when it was last adjusted based on the annual change in the Consumer Price Index. After that indexing adjustment, the annual indexing of the state's motor vehicle fuel tax rate was repealed. In April, 2015, the state's motor vehicle fuel tax rate would have been adjusted to 37.4 cents per gallon (6.5 cents per gallon above the current rate) had the annual indexing of the state's motor vehicle fuel tax rate never been repealed. Annual indexing would have added an estimated \$199.1 million in revenues from the tax in 2014-15, and resulted in motor vehicle fuel tax revenues being nearly \$1 billion higher, on a cumulative basis over the nine-year period, if the repeal had not been enacted.

12. Despite no change in the state's tax rates, on average, many state motorists are likely paying less in fuel taxes than at the time the state's motor vehicle fuel tax rate was last indexed. Growth in the fuel economy of the average automobile has the effect of reducing the amount of state motor vehicle fuel taxes paid by motorists despite those motorists driving the same annual number of vehicle miles and having the same impact on state roads. To illustrate this point, according to Global Insight, Inc., in April, 2006, the average fuel economy of the motor vehicle fleet was 20.3 miles per gallon. Their current projections indicate that the average fuel economy will increase to 22.1 miles per gallon by the end of 2016-17. As a result, by the end of the 2015-17 biennium, the average motorist in the state who drives 12,000 miles per year will be purchasing 48.1 fewer gallons of fuel in 2017 than they were in 2006 due to increased fuel economy of their vehicle. Therefore, such motorists will be paying \$14.86 (48.1 gallons x 30.9 cents per gallon) less in state fuel taxes per vehicle driven than they did in 2006. This is equivalent to 2.7 cents per gallon less in motor vehicle fuel taxes paid as a result of the increased fuel economy of automobiles. Paying less in fuel taxes for the same miles driven means that while the state's roads receive the same impact, fuel tax revenues associated with those miles driven have fallen, making it more difficult for the state to maintain and reconstruct its roads.

13. Several states across the country have imposed increases to their motor vehicle fuel taxes in recent years, including the state of Iowa, which recently increased its gasoline and diesel fuel tax rates by 10 cents per gallon. Also, the federal government is facing similar long-term sustainability issues relating to the federal highway trust fund, which has led to discussions on a potential increase to federal motor vehicle fuel tax rates (currently 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel fuel), although current proposals would not do this.

14. Each of Wisconsin's neighboring states has a fixed excise tax on gasoline, with the lowest rate being 19 cents per gallon in Michigan and Illinois. While Iowa has a separate excise tax rate of 31 cents per gallon for gasoline that contains no ethanol, the excise tax rate for gasohol (gasoline blended with 10% ethanol), which represents the vast majority of sales, is 29 cents per gallon. Minnesota has a lower tax rate for motor fuel containing 85% ethanol (E-85). In addition, each state imposes an additional fee to fund clean-up of leaking underground storage tanks, similar to the petroleum inspection fee in Wisconsin. Finally, Illinois and Michigan each impose their state sales tax on sales of gasoline. In Illinois, the sales tax of 6.25% is imposed on the sales price minus the state excise tax. Illinois also has a lower sales tax rate (80% of the 6.25% rate) on gasohol. E-85 is exempt from the state's sales tax in Illinois. In Michigan, the sales tax of 6.0% is imposed on the sales price minus the state motor fuel excise tax and fees.

15. Table 1 summarizes the state taxes and fees on gasoline, gasohol, and E-85 sales in each state. The sales taxes in Illinois and Michigan will produce a varying cents-per-gallon equivalent depending on the price of gasoline. For this table, a retail price of \$2.57 per gallon is used. This is the average, weekly price for May 4, 2015, for all grades of gasoline for the Midwest region, as reported by the U.S. Energy Information Administration. The cents-per-gallon equivalent will vary by 3.125 cents per gallon in Illinois (2.5 cents per gallon for gasohol) and by 3.0 cents per gallon in Michigan for each 50-cent per gallon change in price.

**TABLE 1****State Taxes and Fees on Gasoline, Gasohol, and E-85 Sales  
(In Cents per Gallon)**

	<u>Excise Tax</u>	<u>Environmental Fees</u>	<u>Sales Tax on \$2.57/Gallon</u>	<u>Total</u>
Illinois*				
Gasoline	19.0¢	1.1¢	14.9¢	35.0¢
Gasohol	19.0	1.1	11.9	32.0
E-85	19.0	1.1	---	20.1
Iowa				
Gasoline	31.0	1.0	---	32.0
Gasohol & E-85	29.0	1.0	---	30.0
Michigan **	19.0	0.875	14.2	34.1
Minnesota				
Gasoline & Gasohol	28.5	0.1	---	28.6
E-85	20.25	0.1	---	20.25
Wisconsin	30.9	2.0	---	32.9

\* 6.25% sales tax on price net of state motor fuel excise tax.

\*\*6.0% sales tax on price net of state motor fuel excise tax and fees.

16. Each state also has a fixed excise tax on diesel fuel, varying from a low of 15 cents per gallon in Michigan to a high of 32.5 cents per gallon in Iowa. In addition, the fees to fund clean-up of leaking underground storage tanks also apply to diesel fuel. Finally, Illinois and Michigan each impose their state sales tax on sales of diesel fuel. Illinois has a lower sales tax rate (80% of the 6.25% rate) on biodiesel fuels containing up to 10% biofuels. Any biodiesel fuel containing above 10% biofuel is exempt from the state's sales tax in Illinois.

17. Table 2 summarizes the state taxes and fees on diesel fuel sales in each state. The sales taxes in Illinois and Michigan will produce a varying cents-per-gallon equivalent depending on the price of diesel fuel. For this table, a retail price of \$2.72 per gallon is used. This is the average, weekly price for May 4, 2015, for diesel fuel for the Midwest region, as reported by the U.S. Energy Information Administration. The cents-per-gallon equivalent will vary by 3.125 cents per gallon in Illinois (2.5 cents per gallon for up to 10% biodiesel) and by 3.0 cents per gallon in Michigan for each 50-cent per gallon change in price.

**TABLE 2****State Taxes and Fees on Diesel Fuel Sales  
(In Cents per Gallon)**

	<u>Excise Tax</u>	<u>Environmental Fees</u>	<u>Sales Tax on \$2.72/Gallon</u>	<u>Total</u>
Illinois *				
Diesel	21.5¢	1.1¢	15.7¢	38.3¢
Biodiesel (up to 10%)	21.5	1.1	12.5	35.1
Biodiesel (over 10%)	21.5	1.1	---	22.5
Iowa	32.5	1.0	---	33.5
Michigan **	15.0	0.875	15.4	31.3
Minnesota	28.5	0.1	---	28.6
Wisconsin	30.9	2.0	---	32.9

\*6.25% sales tax on price net of state motor fuel excise tax.

\*\*6.0% sales tax on price net of state motor fuel excise tax and fees.

***Initial Registration Fee (Highway Use Fee)***

18. A highway use fee was included as part of the Department of Transportation's (DOT's) 2015-17 biennial budget request. DOT asserted that a benefit of this type of fee would be that revenues from the fee would grow with increases in the value of new vehicles over time. The Department also noted that the fee would likely qualify as a constitutionally protected revenue source to the transportation fund under the amendment to the state's constitution passed in November, 2014. Finally, DOT noted that having a fee based on vehicle value would help diversify the revenue sources for transportation in the state.

19. This option (Alternative 2) would create a registration fee, effective October 1, 2015, for the initial, private registration of new, light passenger vehicles (including automobiles, vans, sport utility vehicles, and light trucks with a gross vehicle weight of 8,000 pounds or less, and motorcycles) equal to 2.5% of the manufacturer's suggested base retail price (MSRP), which would be defined to exclude destination charges. Municipal-plated and farm-use-plated vehicles, as well as commercial vehicles with a gross vehicle weight in excess of 8,000 pounds, would be exempt from the fee. As an example, the purchaser of a vehicle with a base MSRP of \$32,000 would be required to pay a fee of \$800.

20. DOT estimated that the highway use fee would generate \$158 million in 2015-16 and \$221 million in 2016-17. DOT indicated that the implementation costs associated with the fee would be \$505,000 in 2015-16 and \$121,100 in 2016-17. The additional funding would be for limited-term employee staff and computer/information technology upgrades needed to initiate the fee collection process.

21. Proponents of this type of fee have argued that a significant amount of revenue can be raised and that the imposition of the fee on new vehicles means that most purchasers will effectively

build the fee into the amount that they borrow for the vehicle, spreading the cost over the period of the loan. Opponents argue that this is in essence an extra sales tax on one commodity and that this treats purchasers and dealers of new vehicles unfairly relative to those buying and selling used vehicles.

### ***Increase Vehicle Registration Fees***

22. This option (Alternatives 3a thru 3l) would increase the fees for automobiles and light trucks by \$10 or \$20, effective October 1, 2015. While the current fee for automobiles is \$75, the fees for light trucks range from \$75 to \$106, depending upon gross vehicle weight. The fees for registration of these vehicles were last raised on January 1, 2008. Since that time, the Consumer Price Index has increased by 12%. Revenues to the transportation fund would increase by an estimated \$34.7 million in 2015-16 and \$46.7 million in 2016-17 under a \$10 increase, by \$69.3 million in 2015-16 and \$93.4 million in 2016-17 under a \$20 increase, and by \$104.0 million in 2016-17 and \$140.1 million in 2017-18 under a \$30 increase.

23. Wisconsin and Illinois each have a flat fee for automobile registration, equal to \$75 in Wisconsin and \$101 in Illinois. The registration fee structures in Iowa, Michigan, and Minnesota all include variable fees based on the price of the vehicle with the fee declining with the vehicle's age.

24. In Iowa, fees are based on the vehicle's list price and the number of model years old, plus the weight of the vehicle. For the first seven years, the value-based component equals 1% of list price. This drops to 0.75% for the eighth and ninth year and then to 0.5% for the tenth and eleventh year. For the twelfth and subsequent years, this component of the fee equals \$50. Iowa also has a weight-based component, which is identical for all years and equals \$0.40 per hundred pounds of vehicle weight. In Iowa, a 3,600-pound vehicle with a list price of \$24,600 would have an initial vehicle registration fee of \$260.40.

25. Michigan's vehicle registration system is based on the manufacturer's suggested retail price (MSRP) of the vehicle. The fee for a new vehicle is determined according to a statutory schedule, under which vehicles are categorized in \$1,000 increments. The fee is equal to 0.5% of the MSRP, where the base of the calculation is the \$600 mark within the \$1,000 range. For instance, a new vehicle with a MSRP of between \$24,000 and \$25,000 would have a fee of \$123 (\$24,600 X .005). In subsequent years, the fee paid is reduced as follows: (a) in the second year, the registration fee is equal to 90% of the fee for the first year (a \$123 fee, for instance, would become \$111); (b) in the third year, the registration fee is equal to 90% of the fee in the second year (the \$111 fee would decline to \$100); and (c) in the fourth year and subsequent years, the registration fee would decline to 90% of the fee in the third year (the \$100 fee would decline to \$90). In addition, until October 1, 2015, fees of \$2.25 for traffic law enforcement and \$5.75 for transportation administration are collected for each registration.

26. In Minnesota, automobiles are subject to an annual registration fee of \$10, plus an additional amount equal to 1.25% of the base value. With certain exceptions, vehicle base value is determined by MSRP and the age of the vehicle. In the first year of a vehicle's life, the base value is generally equal to 100% of the MSRP. For a new vehicle with a MSRP of \$24,600, the registration fee would be \$317.50. In each successive year, through the tenth year of a vehicle's life, this base

value amount is adjusted downward by increments of 10% of the original MSRP. For instance, in the second year of the vehicle's life, the base value is equal to 90% of the original MSRP, whereas in the tenth year, it is equal to 10% of that value. For vehicles 11 years old and older, the annual registration fee is equal to the basic \$10 registration fee, plus an ongoing flat fee equal to \$25, for a total fee of \$35. In addition, registration renewals include a \$6 filing fee (\$10 for original registration) and a \$1 technology surcharge (scheduled to sunset on June 30, 2016).

27. The variable fee structures in Iowa, Michigan, and Minnesota mean that state-to-state comparisons will be different for vehicles with different values and ages. Table 3 provides information on the total fees for vehicles of various age and value combinations (for Iowa, all examples are for a 3,600-pound vehicle). Based on Division of Motor Vehicles data through 2014, about 45% of automobiles in Wisconsin were 12 years old or older.

**TABLE 3**

**Automobile Registration Fees -- Wisconsin and Neighboring States**

	<u>Manufacturer's Suggested Retail Price When New</u>		
	<u>\$20,000</u>	<u>\$30,000</u>	<u>\$40,000</u>
<b>Illinois</b>			
All Model Years	\$101	\$101	\$101
<b>Iowa</b>			
Years 1 thru 7	214	314	414
Years 8 & 9	164	239	314
Years 10 & 11	114	164	214
Years 12 & After	64	64	64
<b>Michigan</b>			
Year 1	106	156	206
Year 2	96	141	186
Year 3	87	128	168
Years 4 & After	79	116	152
<b>Minnesota</b>			
Year 1	271	396	521
Year 2	242	355	467
Year 3	217	317	417
Year 4	192	280	367
Year 5	167	242	317
Year 6	142	205	267
Year 7	117	167	217
Year 8	92	130	167
Year 9	67	92	117
Year 10	42	55	67
Years 11 & After	42	42	42
<b>Wisconsin</b>			
All Model Years	75	75	75



28. The Committee could also consider increasing registration fees on heavy trucks (those with a gross weight over 8,000 pounds), effective October 1, 2015 (Alternatives 3m thru 3o). These fees were last increased on January 1, 2008. The current fees range from \$173 for a 10,000-pound truck to \$2,578 for an 80,000-pound truck. Revenues to the transportation fund would increase by an estimated \$7.4 million in 2015-16 and \$10.2 million in 2016-17 under a 5% increase, by \$14.8 million in 2015-16 and \$20.5 million in 2016-17 under a 10% increase, and by \$22.3 million in 2015-16 and \$30.7 million in 2016-17 under a 15% increase.

29. Table 4 lists the current maximum vehicle registration fees for three categories of heavy trucks in Wisconsin and its neighboring states. The current maximum registration fee for an 80,000-pound truck in Illinois (\$3,191) is higher than Wisconsin's fee (\$2,578), but the fees in the other three states bordering Wisconsin are lower than Wisconsin's current fee. Heavy truck registration fees are paid by trucks operating in both intrastate and interstate commerce. The fees for trucks operating in interstate commerce are apportioned between the states in which the truck travels in proportion to the percentage of miles traveled in each state. So, for instance, if a truck travels 50% of its total miles in a year in Wisconsin, the fee owed to Wisconsin would be equal to 50% of the total, annual fee for the weight classification.

**TABLE 4**

**Heavy Truck Registration Fees -- Wisconsin and Neighboring States\***

<u>Weight</u>	<u>Illinois</u>	<u>Iowa</u>	<u>Michigan</u>	<u>Minnesota</u>		<u>Wisconsin</u>
				<u>1-8 Years</u>	<u>9 Years and Older</u>	
80,000	\$3,191	\$1,695	\$1,660	\$1,760	\$1,320	\$2,578
60,000	2,253	1,200	1,268	1,015	762	1,385
40,000	1,375	675	874	595	447	939

\*Fees shown are for the basic permit only for a twelve-month period. Fees vary by various weight ranges within states.

***Various Other Transportation-Related Fees***

30. The attachment to this paper provides information on other revenue options that have been discussed that would generate lesser amounts of revenue in the biennium and in the long term. Some of these options would involve assessing a new fee, which would require the state to develop an administrative system necessary to collect the fee. The items included in DOT's 2015-17 budget request are in shown in the first section of the attachment, followed by other items that would raise existing fees collected by DOT.

**ALTERNATIVES**

1. Effective August 1, 2015, increase the current 30.9 cents per gallon motor vehicle fuel tax rate by five cents per gallon to 35.9 cents per gallon. Increase estimated transportation fund revenues by \$151,400,000 in 2015-16 and \$167,200,000 in 2016-17. In addition, transfers to the

conservation fund associated with the increase in the motor vehicle fuel tax rate would increase in 2016-17 as follows: (a) \$2,142,400 under the motorboat formula; (b) \$852,800 under the snowmobile formula; (c) \$337,400 under the all-terrain vehicle formula, and (d) \$37,500 under the utility terrain vehicle formula.

<b>ALT 1</b>	<b>Change to Bill</b>
SEG-REV	\$318,600,000
SEG	\$3,370,100

2. Effective October 1, 2015, create a highway use fee for the initial, private registration of new, light passenger vehicles (including automobiles, vans, sport utility vehicles, and light trucks with a gross vehicle weight of 8,000 pounds or less, and motorcycles) equal to 2.5% of the manufacturer's suggested base retail price (MSRP), which would be defined to exclude destination charges. Specify that municipal-plated and farm-use-plated vehicles, as well as commercial vehicles with a gross vehicle weight in excess of 8,000 pounds, would be exempt from the fee. Increase estimated revenues to the transportation fund by \$158,000,000 in 2015-16 and \$220,900,000 in 2016-17. Provide DOT funding of \$505,000 in 2015-16 and \$121,100 in 2016-17 to implement and administer the newly-created fee.

<b>ALT 2</b>	<b>Change to Bill</b>
SEG-REV	\$378,900,000
SEG	\$626,100

3. Effective October 1, 2015, adopt one or more of the following options for increasing annual registration fees for automobiles, light trucks, or heavy trucks. [The heavy truck fees would be rounded to the nearest whole dollar after applying any percentage increase. Fees for farm and forestry trucks that are set at 25% of the amount for a regular truck of the same weight would also be increased.]

<u>Increase</u>	<u>Current Fee</u>	<u>New Fee</u>	<u>SEG-REV</u>	
			<u>2015-16</u>	<u>2016-17</u>
<b>Automobiles</b>				
a. \$10	\$75	\$85	\$27,810,500	\$37,510,700
b. 20	75	95	55,621,000	75,021,400
c. 30	75	105	83,731,500	112,532,100
<b>Trucks up to 4,500 Pounds</b>				
d. \$10	\$75	\$85	\$1,928,600	\$2,584,600
e. 20	75	95	3,857,200	5,169,200
f. 30	75	105	5,785,800	7,753,800
<b>Trucks up to 6,000 Pounds</b>				
g. \$10	\$84	\$94	\$3,445,400	\$4,617,200
h. 20	84	104	6,890,800	9,234,400
i. 30	84	114	10,336,200	13,851,600
<b>Trucks up to 8,000 Pounds</b>				
j. \$10	\$106	\$116	\$1,479,700	\$1,983,000
k. 20	106	126	2,959,400	3,966,000
l. 30	106	136	4,439,100	5,949,000
<b>Heavy Trucks (Percentage Increase for All Classes)*</b>				
m. 5%	\$2,578	\$2,707	\$7,422,500	\$10,249,700
n. 10	2,578	2,836	14,845,000	20,499,400
o. 15	2,578	2,965	22,267,500	30,749,100

\*Amounts shown are fee for an 80,000-pound truck.

Prepared by: Al Runde  
Attachment



## ATTACHMENT

### Estimated Transportation Fund Revenue from Various Fee Modifications

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>2016-17</u>	<u>2017-18</u>
<b>A. Items in DOT's 2015-17 Budget Request</b>				
<b>1. Increase Oversize/Overweight Vehicle Permit Fee.</b> Increase oversize and overweight vehicle fees to double their current amount, effective October 1, 2015. These fees are associated with a variety of permit types and conditions related to frequency of the permitted activity and the purpose of the carrier.	Various	Double the current amount	\$3.7 million	\$5.0 million
<b>2. Hybrid/Electric Vehicle Fee.</b> Create a \$50 fee, effective January 1, 2016, which would be paid in addition to the existing annual registration fee of \$75, for passenger vehicles designed for highway use that are powered by hybrid-electric or electric engines. Specify that the fee would apply to automobiles, vans, sport utility vehicles, and light trucks with a gross vehicle weight of 8,000 pounds or less, but would not apply to municipal-plated vehicles, farm-use-plated vehicles, motorcycles, or vehicles registered with a gross vehicle weight in excess of 8,000 pounds. DOT's budget request indicates that it would require \$155,300 in 2015-16 and \$68,900 in 2016-17 to implement the fee.	None	\$50 annually	\$1.7 million	\$4.0 million
<b>3. Market-Based Fees for Bulk Data and Records.</b> Allow the Department to sell bulk data and records at market price, effective October 1, 2015. Current law limits the fee the Department can charge for records to its actual production cost of those records. On average, the Department charges \$0.75 per thousand records provided. Under its budget request, the Department indicated it would charge bulk data users based on a range of subscription periods at an average cost of \$16 per thousand records.	Average of \$0.75 per thousand records	Average of \$16 per thousand records	\$0.8 million	\$1.0 million
<b>4. Increase Motorcycle and Moped Registration Fee.</b> Increase the motorcycle, moped, and low-speed vehicle registration fee by \$1, from \$23 to \$24, effective October 1, 2015. Motorcycle and related registration fees, which are based on a two-year registration cycle, are prorated according to the month and year of registration in the cycle.	\$23 biennially	\$24 biennially	\$0.3 million	< \$0.1 million

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>2016-17</u>	<u>2017-18</u>
<b>B. Other Items</b>				
<b>1. Increase Vehicle Title Fees.</b> Increase the fee for an initial vehicle title or title transfer transaction by \$5.00, effective October 1, 2015. Although the fee for both of these transactions is \$62.00, there is an additional supplementary fee of \$7.50, such that the total fee is equal to \$69.50. This fee is currently charged when a vehicle is purchased (an original title transaction) or sold (a title transfer).	\$62.00, plus a \$7.50 supplementary fee	\$67.00, plus a \$7.50 supplementary fee	\$4.6 million	\$6.2 million
<b>2. Increase Driver License Additional Issuance Fee.</b> Increase the fee for issuance of a driver license or identification card, originally related to the costs of implementing the federal REAL ID Act, by \$1, effective October 1, 2015.	\$10	\$11	\$0.8 million	\$1.1 million
<b>3. Increase Fee for Original and Renewal Regular Driver License.</b> Increase by \$1 the fees for an original regular driver license (\$24 under the Governor's budget) and the renewal of a regular driver license (\$24), effective October 1, 2015.	\$24	\$25	\$0.6 million	\$0.8 million
<b>4. Increase the Cost of "Specialty" License Plates.</b> Increase the initial issuance fee for special license plates by \$10, effective October 1, 2015. This fee would apply to the initial issuance of the plate, but not to any subsequent renewals. This fee would apply to all specialty license plates issued by the Department.	Various	\$10 increase to each fee amount	\$0.3 million	\$0.4 million