

Legislative Fiscal Division

Revenue Estimate Profile

Vehicle Tax

Revenue Description: Light vehicles, motorcycles and quadricycles, snowmobiles, buses, trucks, truck tractors having a manufacturer's rated capacity of more than 1 ton, motor homes, and certain trailers and travel trailers are taxed under a fee schedule that varies by age and weight.

Statutory Reference:

Tax Rate (MCA) – watercraft one-time (23-2-516), snowmobiles one-time (23-2-626), OHV one-time (23-2-803), vehicle registrations (61-3-321), vehicles greater than 1 ton (61-3-529)

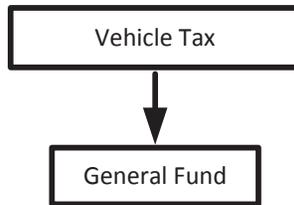
Tax Distribution (MCA) – watercraft (23-2-518), snowmobiles (23-2-619(7)), OHV (23-2-803), vehicle registrations (61-3-321(16)), motorcycles and quadricycles registrations (61-3-509), motor homes registrations (61-3-509), vehicles greater than 1 ton registrations (61-3-509)

Date Due – County treasurers remit the revenue to the Department of Revenue every 30 days (15-1-504 & 61-3-509).

Applicable Tax Rate(s): Varies

Distribution: All fees-in-lieu-of-tax are deposited in the general fund.

Distribution Chart:



Summary of Legislative Action:

House Bill 414 – This bill allows for individuals who have an abode in Montana, but are not considered Montana residents, to title and register their vehicles in Montana. The change affects both vehicle taxes and motor vehicle fees.

House Bill 559 – This bill has several provisions that affect both vehicle taxes and motor vehicle fees:

- Allows vehicles with collegiate plates to be registered permanently, if they meet the age standard
- Allows motor homes that register permanently to bear generic specialty or collegiate plates
- Removes the termination date (January 1, 2015) for the use of past standard license plate designs, and on the option to reuse plate numbers on new issue plates
- Eliminates the requirement for the use of a county number prefix on small license plates
- Clarifies penalties for speed limit violations in special speed limit zones

| Vehicle Tax – Legislation Passed by 63rd Legislature | | | |
|---------------------------------------------------------------------------------------|----------------|----------------|----------------|
| General Fund Impact (\$ Millions) | | | |
| Bill Number and Short Title | FY 2013 | FY 2014 | FY 2015 |
| HB0414 Permit registration of motor vehicle to those having interest in real property | \$0.000 | \$1.191 | \$1.191 |
| HB0559 Generally revise motor vehicle laws | 0.003 | 0.032 | 0.023 |
| Total General Fund Impact | \$0.003 | \$1.223 | \$1.214 |

Collection Frequency: Monthly

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% of Total General Fund Revenue:

| | | |
|-----------------|-----------------|-----------------|
| FY 2004 – 6.05% | FY 2007 – 5.51% | FY 2010 – 5.50% |
| FY 2005 – 5.23% | FY 2008 – 5.26% | FY 2011 – 5.64% |
| FY 2006 – 5.39% | FY 2009 – 4.94% | FY 2012 – 5.34% |

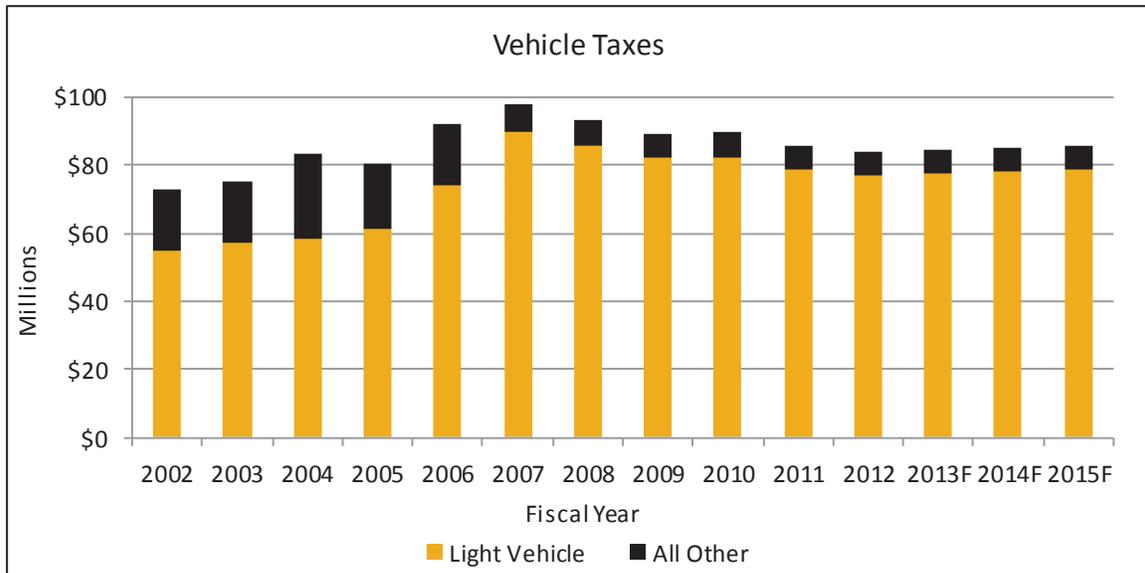
Revenue Estimate Methodology:

Data

The data used to estimate the motor vehicle tax are obtained from the state accounting system (SABHRS) and IHS.

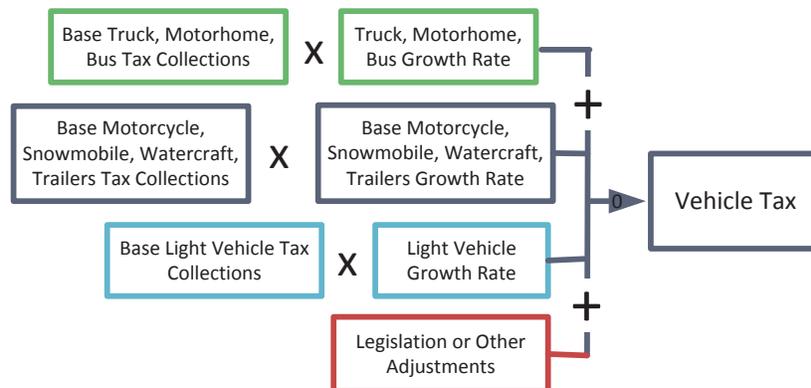
Analysis

Vehicle taxes are currently imposed at different rates on five categories of vehicles (tax schedule varies by age and weight) including light vehicles, large trucks, motor homes, motor cycles (including tri-cycles), and boats and snowmobiles. Seen in the figure below, there is a greater rate of growth for light vehicle taxes in FY 2006 and FY 2007. This growth results from the legislative impacts of SB 285 and HB 671, both implemented in the 2005 session.



With constant fees, the future change in vehicle tax revenue results from change in the vehicle stock in Montana. Because taxes are directly connected to the number of vehicles in the state, estimates are made by applying estimated growth rates to the previous year revenue. Growth rates for the stock of Montana vehicles are modeled on IHS estimates for the national and Montana-specific vehicle stock and new car sales nationwide. The growth rate is applied to the base year revenues and projected forward at the same rate for the forecast period.

Forecast Methodology:



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Revenue Estimate Assumptions:

This section contains the assumptions used to generate the revenue estimates contained in Senate Joint Resolution 2. It does not reflect changes, if any, enacted by the 2013 Legislature that may affect future estimates of this revenue source.

| | <u>t</u> | <u>Total Tax</u> | <u>GF Tax</u> | <u>Non-GF Tax</u> | <u>Legislation</u> |
|----------|---------------|------------------|-----------------|-------------------|--------------------|
| | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> |
| Actual | 2002 | 73.092 | 73.127 | -0.036 | 0.000 |
| Actual | 2003 | 75.186 | 75.185 | 0.001 | 0.000 |
| Actual | 2004 | 83.607 | 83.607 | 0.000 | 0.000 |
| Actual | 2005 | 80.132 | 80.132 | 0.000 | 0.000 |
| Actual | 2006 | 92.097 | 92.097 | 0.000 | 0.000 |
| Actual | 2007 | 98.070 | 98.070 | 0.000 | 0.000 |
| Actual | 2008 | 93.493 | 93.493 | 0.000 | 0.000 |
| Actual | 2009 | 89.335 | 89.335 | 0.000 | 0.000 |
| Actual | 2010 | 89.485 | 89.485 | 0.000 | 0.000 |
| Actual | 2011 | 85.762 | 85.762 | 0.000 | 0.000 |
| Actual | 2012 | 83.871 | 83.871 | 0.000 | 0.000 |
| Forecast | 2013 | 84.608 | 84.608 | 0.000 | 0.000 |
| Forecast | 2014 | 85.070 | 85.070 | 0.000 | 0.000 |
| Forecast | 2015 | 85.651 | 85.651 | 0.000 | 0.000 |

| | <u>t</u> | <u>Large</u> | <u>Motor</u> | <u>Light</u> | <u>Boats/</u> | <u>MCO</u> | <u>District</u> |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|
| | <u>Fiscal</u> | <u>Truck</u> | <u>Home</u> | <u>Vehicle</u> | <u>Snow</u> | <u>Registration</u> | <u>Courts</u> |
| | | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> |
| Actual | 2002 | 5.384 | 3.607 | 54.602 | 2.076 | 7.459 | -0.036 |
| Actual | 2003 | 5.117 | 3.342 | 56.961 | 2.196 | 7.569 | 0.000 |
| Actual | 2004 | 8.562 | 4.485 | 58.457 | 3.980 | 8.122 | 0.000 |
| Actual | 2005 | 4.433 | 3.835 | 60.940 | 2.369 | 8.555 | 0.000 |
| Actual | 2006 | 5.577 | 5.236 | 73.980 | 2.325 | 4.980 | 0.000 |
| Actual | 2007 | 3.024 | 4.000 | 89.575 | 1.470 | 0.001 | 0.000 |
| Actual | 2008 | 2.779 | 3.743 | 85.624 | 1.347 | 0.000 | 0.000 |
| Actual | 2009 | 2.668 | 3.216 | 82.259 | 1.191 | 0.000 | 0.000 |
| Actual | 2010 | 2.584 | 3.489 | 82.212 | 1.199 | 0.000 | 0.000 |
| Actual | 2011 | 2.726 | 3.460 | 78.443 | 1.133 | 0.000 | 0.000 |
| Actual | 2012 | 2.745 | 3.035 | 76.880 | 1.211 | 0.000 | 0.000 |
| Forecast | 2013 | 2.769 | 3.062 | 77.555 | 1.221 | 0.000 | 0.000 |
| Forecast | 2014 | 2.784 | 3.079 | 77.979 | 1.228 | 0.000 | 0.000 |
| Forecast | 2015 | 2.803 | 3.100 | 78.512 | 1.237 | 0.000 | 0.000 |

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| | <u>Fiscal</u> | <u>Large Truck Growth</u> | <u>Motor Home Growth</u> | <u>Light Vehicle Growth</u> | <u>Boats/ Snow Growth</u> | <u>MCO Registration Growth</u> |
|----------|---------------|-----------------------------------|----------------------------------|-------------------------------------|-----------------------------------|----------------------------------------|
| Actual | 2002 | | | | | |
| Actual | 2003 | -5.0% | -7.3% | 4.3% | 5.8% | 1.5% |
| Actual | 2004 | 67.3% | 34.2% | 2.6% | 81.2% | 7.3% |
| Actual | 2005 | -48.2% | -14.5% | 4.2% | -40.5% | 5.3% |
| Actual | 2006 | 25.8% | 36.5% | 21.4% | -1.8% | -41.8% |
| Actual | 2007 | -45.8% | -23.6% | 21.1% | -36.8% | -100.0% |
| Actual | 2008 | -8.1% | -6.4% | -4.4% | -8.4% | -100.0% |
| Actual | 2009 | -4.0% | -14.1% | -3.9% | -11.6% | |
| Actual | 2010 | -3.1% | 8.5% | -0.1% | 0.7% | |
| Actual | 2011 | 5.5% | -0.8% | -4.6% | -5.5% | |
| Actual | 2012 | 0.7% | -12.3% | -2.0% | 6.9% | |
| Forecast | 2013 | 0.9% | 0.9% | 0.9% | 0.9% | |
| Forecast | 2014 | 0.5% | 0.5% | 0.5% | 0.5% | |
| Forecast | 2015 | 0.7% | 0.7% | 0.7% | 0.7% | |

Total Tax = Large Trucks + Motor Home + Light Vehicle + Boats/Snow + MCO Registration

GF Tax = Total Tax

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Revenue Projection:

