

Fiscal Services Division Legislative Services Agency Fiscal Note

HF 2249 – Pickup Truck License Fees (LSB 5473 HH)

Analyst: Mary Beth Mellick (Phone: (515) 281-8223) (marybeth.mellick@legis.state.ia.us)

Fiscal Note Version – New

Requested By – Representative Bill Schickel

Description

House File 2249 eliminates the flat fee currently charged for annual registration of model year 2005 and subsequent-year motor trucks with an unladen weight of 7,000 pounds or less. Beginning January 2005, the Department of Transportation (DOT) will calculate monthly the excess revenues derived from registering such trucks under the fee rate based on weight and value, rather than the current flat fee rate. An amount equal to the excess revenues will be transferred from motor vehicle use taxes of the Road Use Tax Fund to the General Fund. That same amount will then be appropriated from the General Fund to the Department of Education for support of the school transportation system.

House File 2249 provides that model year 2005 and subsequent-year trucks with an unladen weight of 7,000 pounds or less will be registered in the same manner as other vehicles, based on the value and weight of the vehicle. Farm pickup trucks are defined as having an unladen weight of 7,000 pounds or less. Owners of farm pickup trucks will continue to pay the annual flat fee registration currently in effect.

The Bill takes effect July 1, 2004, and applies to new registrations, transfers of ownership, and registration renewals for model year 2005 and subsequent-year trucks with an unladen weight of 7,000 pounds or less.

Assumptions

1. Truck registration fees are currently calculated based on the combined gross weight of the vehicle or combination of vehicles, which include the empty weight of the vehicle or vehicles (unladen weight), plus the maximum load to be carried by the vehicle or vehicles.
2. In addition to farm pickup trucks, owners of model year 2004 and older non-farm pickup trucks will continue to pay a flat-fee registration, based on the combined gross weight of the vehicle or combination of vehicles.
3. The total number of pickup trucks with an unladen weight of 7,000 pounds or less currently registered is approximately 760,000. This includes initial and renewal registrations. Based on the most recent data available, of the approximate 760,000 pickup trucks, 42,500 (5.6%) are model year 2003 trucks.
4. The number of farm pickup trucks is unknown. This analysis assumes one farm pickup truck for each Schedule F form filed for federal income tax purposes. A Schedule F form shows proof that the owner is engaged in farming. In tax year 2001 and 2002, approximately 85,000 and 84,000 Schedule F forms, respectively, were filed. Assuming a 2.0% decrease in the number of forms filed each tax year, the number of forms filed in CY 2005 is estimated to be 80,000.
5. Assuming a 3.0% growth rate, an estimated 783,000 pickup trucks with an unladen weight of 7,000 pounds or less will be registered in CY 2005, of which an estimated 703,000 will be non-farm pickup trucks. Of this amount, an estimated 39,300 (5.6%) will be model year 2005 trucks.

6. The number of transfers of ownership is unknown.
7. The annual registration fee for model year 2005 non-farm pickup trucks with an unladen weight of 7,000 pounds or less will be 1.0% of the vehicle's value, plus 40 cents per 100 pounds of the vehicle's weight.
8. The average annual registration fee for model year 2005 non-farm pickup trucks with an unladen weight of 7,000 pounds or less will be \$232, which will generate approximately \$9.1 million annually.
9. The total amount of motor vehicle registration revenues attributable to the change in truck registration fees will be approximately \$6.5 million annually. (Revenues under current law are approximately \$2.6 million.)
10. Net motor vehicle use tax revenues are estimated to generate \$226.3 million in FY 2005, \$228.8 million in FY 2006, and \$232.1 million each year in FY 2007 and FY 2008. Approximately \$6.5 million of those amounts will be transferred annually to the General Fund. That same amount will then be appropriated from the General Fund to the Department of Education.
11. Costs associated with calculating monthly the excess revenues, derived from registering model year 2005 and subsequent-year trucks with an unladen weight of 7,000 pounds or less, under the fee rate based on weight and value rather than the current flat fee rate are anticipated to be minimal.

Fiscal Impact

FY 2005 and Subsequent Years

The estimated fiscal impact of HF 2249 would be revenue neutral to the Road Use Tax Fund as follows:

- An increase of \$6.5 million in motor vehicle registration revenues to the Road Use Tax Fund.
- A decrease of \$6.5 million in motor vehicle use tax revenues to the Road Use Tax Fund. This amount would be transferred to the General Fund, and appropriated from the General Fund to the Department of Education.

Costs associated with the Department of Transportation to calculate the monthly excess revenues are anticipated to be minimal.

Source

Department of Transportation

Dennis C Prouty

February 23, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
