

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 49 – Pickup Truck Licensing (LSB 1450 SS)

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Fiscal Note Version – New

Requested By – Senator Mark Ziemann

Description

This Bill eliminates the flat fee currently charged for annual registration of motor trucks with a combined gross weight of six tons or less. The Bill provides that such trucks will be registered in the same manner as other vehicles, based on the value and weight of the vehicle.

The Bill establishes a Commercial and Industrial Network Highway Fund in the Road Use Tax Fund. From the amount credited from the Road Use Tax Fund to the Primary Road Fund, the Treasurer of State will credit monthly to the Commercial and Industrial Network Highway Fund, an amount equal to 47.5% of the motor vehicle registration revenues attributable to the change in truck registration fees. This amount will be determined as follows:

Calendar Year 2006

The motor vehicle registration revenues attributable to the change in truck registration fees will be the actual increase in revenue derived from basing registration fees for trucks weighing six tons or less on the vehicle's weight and value instead of charging a flat fee.

The total amount of motor vehicle registration revenues attributable to the change in truck registration fees for all months in 2006 will be divided by the total amount of all motor vehicle registration revenues credited to the Road Use Tax Fund in 2006. The sum will be the "percentage multiplier" to be used to determine the motor vehicle registration revenue attributable to the change in truck registration fees in subsequent calendar years.

Calendar Year 2007 and Beyond

The "percentage multiplier," as determined in calendar year 2006, multiplied by the total amount of all motor vehicle registration revenues credited to the Road Use Tax Fund, will be the motor vehicle registration revenue attributable to the change in truck registration fees.

The amount credited to the Commercial and Industrial Highway Network Fund will be appropriated to the Department of Transportation to be used first for projects under construction or already planned for Highways 20, 30, and 34, until those projects are completed. Remaining moneys will be used for construction projects on major arterial highways and connecting spurs in the State Primary Road System.

Effective Date

The Bill takes effect January 1, 2006, and applies to new truck registrations, transfers of ownership, and registration renewals for registration periods beginning on or after January 1, 2006.

Background

1. The annual registration fee for trucks with a combined gross weight of six tons or less will be 1.0% of the vehicle's value, plus 40 cents for each 100 pounds of the vehicle's weight.
2. The annual registration fee for a truck that is eight years of age or newer will increase, but will decrease once the truck reaches nine years of age.
3. The weight and value of multipurpose vehicles is equivalent to the weight and value of trucks with a combined gross weight of six tons or less. The average annual registration fee for a multipurpose vehicle that is 8 years old or newer is \$278, \$35 for a multipurpose vehicle that is between 9 and 11 years old, \$27 for a multipurpose vehicle that is 12 to 15 years old, and \$16 for a multipurpose vehicle that is 17 years old or older.
4. The revenue generated from the annual registration fee of trucks with a combined gross weight of six tons or less will be approximately \$97.9 million annually.
5. The total amount of motor vehicle registration revenues attributable to the change in truck registration fees in CY 2006 will be approximately \$56.4 million (revenues under current law are approximately \$41.5 million annually).
6. Of the total amount deposited into the Road Use Tax Fund, 47.5% of the revenue attributable to the change in truck registration fees will be credited to the Commercial and Industrial Network Highway Fund. The remaining 52.5% will be credited to the Road Use Tax Fund for distribution to the State, cities, and counties.

Assumptions

1. The total number of trucks with a combined gross weight of six tons or less that are currently registered is approximately 742,000. This includes initial issuance and renewal registrations. The number of transfers of ownership is unknown.
2. Road Use Tax Fund revenues in the first half of FY 2006 will not be affected by the proposed legislation. The second half of FY 2006 and all of FY 2007 and beyond will be affected.

Fiscal Impact

FY 2006 (January 1, 2006 – June 30, 2006)

Total net revenue increase to the Road Use Tax Fund: \$28.2 million

Amount allocated to the Commercial and Industrial Network Highway Fund: \$13.4 million

- Amount retained in the Road Use Tax Fund: \$14.8 million

FY 2007

Total net revenue increase to the Road Use Tax Fund: \$57.0 million

- Amount allocated to the Commercial and Industrial Network Highway Fund: \$27.1 million
- Amount retained in the Road Use Tax Fund: \$29.9 million

FY 2008

Total net revenue increase to the Road Use Tax Fund: \$58.8 million

- Amount allocated to the Commercial and Industrial Network Highway Fund: \$27.9 million
- Amount retained in the Road Use Tax Fund: \$30.9 million

FY 2009

Total net revenue increase to the Road Use Tax Fund: \$59.4 million

- Amount allocated to the Commercial and Industrial Network Highway Fund: \$28.2 million
- Amount retained in the Road Use Tax Fund: \$31.2 million

Costs to the Department associated with calculating monthly the excess revenue derived from registering motor trucks with combined gross weight of six tons or less, under the fee rate based on weight and value rather than the current flat fee rate, are anticipated to be minimal.

Source

Department of Transportation

/s/ Holly M. Lyons

March 4, 2005

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.
