

FEB 12 2004
TRANSPORTATION

HOUSE FILE 2249
BY SCHICKEL

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing motor vehicle registration fees for certain
2 motor trucks and farm pickup trucks and making an
3 appropriation.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2249

1 Section 1. Section 321.1, Code Supplement 2003, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 23A. "Farm pickup truck" means a motor
4 truck with an unladen weight of seven thousand pounds or less
5 owned by a person engaged in farming and used for purposes of
6 the owner's farming operations or to assist with another
7 person's farming operations.

8 Sec. 2. Section 321.109, subsection 1, unnumbered
9 paragraph 1, Code 2003, is amended to read as follows:

10 The annual fee for all motor vehicles including vehicles
11 designated by manufacturers as station wagons, ~~and~~ 1993 and
12 subsequent model years for multipurpose vehicles, and 2005 and
13 subsequent model year motor trucks with an unladen weight of
14 seven thousand pounds or less, except motor trucks registered
15 pursuant to sections 321.120 through 321.122, motor homes,
16 ambulances, hearses, motorcycles, motor bicycles, and 1992 and
17 older model years for multipurpose vehicles, shall be equal to
18 one percent of the value as fixed by the department plus forty
19 cents for each one hundred pounds or fraction thereof of
20 weight of vehicle, as fixed by the department. The weight of
21 a motor vehicle, fixed by the department for registration
22 purposes, shall include the weight of a battery, heater,
23 bumpers, spare tire, and wheel. Provided, however, that for
24 any new vehicle purchased in this state by a nonresident for
25 removal to the nonresident's state of residence the purchaser
26 may make application to the county treasurer in the county of
27 purchase for a transit plate for which a fee of ten dollars
28 shall be paid. And provided, however, that for any used
29 vehicle held by a registered dealer and not currently
30 registered in this state, or for any vehicle held by an
31 individual and currently registered in this state, when
32 purchased in this state by a nonresident for removal to the
33 nonresident's state of residence, the purchaser may make
34 application to the county treasurer in the county of purchase
35 for a transit plate for which a fee of three dollars shall be

1 paid. The county treasurer shall issue a nontransferable
2 certificate of registration for which no refund shall be
3 allowed; and the transit plates shall be void thirty days
4 after issuance. Such purchaser may apply for a certificate of
5 title by surrendering the manufacturer's or importer's
6 certificate or certificate of title, duly assigned as provided
7 in this chapter. In this event, the treasurer in the county
8 of purchase shall, when satisfied with the genuineness and
9 regularity of the application, and upon payment of a fee of
10 ten dollars, issue a certificate of title in the name and
11 address of the nonresident purchaser delivering the same to
12 the person entitled to the title as provided in this chapter.
13 The provisions of this subsection relating to multipurpose
14 vehicles are effective January 1, 1993, for all 1993 and
15 subsequent model years. The annual registration fee for
16 multipurpose vehicles that are 1992 model years and older
17 shall be in accordance with section 321.124.

18 Sec. 3. NEW SECTION. 321.120 FARM PICKUP TRUCKS.

19 1. The annual registration fee for a farm pickup truck
20 shall be computed pursuant to section 321.122, subsection 1,
21 paragraph "a" or "b".

22 2. Upon application for a new registration or a renewal,
23 an owner who registers a vehicle as a farm pickup truck may be
24 required to show a copy of a schedule F form filed by the
25 owner in the previous year for federal income tax purposes or
26 other proof that the owner is engaged in farming pursuant to
27 rules adopted by the department. If the department determines
28 by audit or other means that a person who has registered a
29 vehicle as a farm pickup truck does not qualify for the
30 registration, the person may be required to pay regular
31 registration fees pursuant to section 321.109 in addition to
32 any other penalty or sanction imposed by law.

33 Sec. 4. Section 321.122, subsection 1, unnumbered
34 paragraph 1, Code 2003, is amended to read as follows:

35 The annual registration fee for truck tractors, road

1 The bill defines "farm pickup truck" and provides that both
2 current owners and new owners of farm pickup trucks will
3 continue to pay the flat fee. An applicant for registration
4 of a farm pickup truck may be asked to provide proof that the
5 applicant is engaged in farming to qualify for the farm pickup
6 truck registration rate. A copy of a schedule F form filed by
7 the applicant for federal income tax purposes is satisfactory
8 evidence that a person is engaged in farming. If an owner who
9 has registered a vehicle as a farm pickup truck is found to be
10 unqualified for the farm pickup truck registration rate, the
11 owner may be required to pay regular registration fees in
12 addition to any other penalties allowed by law.

13 The bill directs the state department of transportation to
14 calculate monthly the excess revenues derived from registering
15 motor trucks with an unladen weight of 7,000 pounds or less
16 under the weight and value fee system rather than the current
17 flat fee system. An amount equal to those excess revenues is
18 appropriated to the department of education for support of the
19 school transportation system from motor vehicle use taxes.

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**Fiscal Services Division
Legislative Services Agency
Fiscal Note**

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

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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.
