

FISCAL NOTE
 Requested by Legislative Council
 01/21/2011

REVISION

Bill/Resolution No.: HB 1170

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$4,593,712		\$5,705,565
Expenditures				\$2,317,240		\$1,157,870
Appropriations				\$2,317,240		\$1,157,870

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$13,493	\$8,159		\$6,908	\$4,177	

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill will provide for a new vehicle license plate for remembering veterans. This plate would be available for purchase by all individuals, not just those meeting specific requirements as veterans.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

It is not possible to positively determine the impact that this legislation would have on revenues and costs as we have no reliable method to determine the number of vehicles that might be licensed under the provisions of this bill. However, we can assume a hypothetical scenario and estimate the additional revenues and related expenses according to that scenario.

SCENARIO ASSUMPTIONS:

This scenario assumes that a separate, unique license plate would be developed for this bill. This scenario does not assume a complete, new general license plate issue. This scenario does not encompass a complete new general license plate issue utilizing a common plate with an optional, specialized "Remember Veterans" decal affixed to the common license plate. Such circumstances would involve a completely unique set of calculations that are not utilized in this fiscal note.

During the first biennium, 25 percent of regular and special plate holders will license their vehicles under the provisions of this bill. This would result in the issuance of approximately 47,600 special plates and 190,400 regular plates under the provisions of this bill (238,000 total).

During subsequent bienniums, the additional regular and special plates issued under the provisions of this bill would be one half of the level used for the first biennium. Accordingly, for bienniums subsequent to the 2011-2013 biennium, 23,800 special plates and 95,200 regular plates would be issued pursuant to this bill (119,000 total).

For purposes of applying the \$10 subsequent years annual surcharge (as specified in part 1c of the bill), it is assumed that for each biennium one half of the new plate sales occur at the beginning of the biennium and one half of the sales occur midway through the biennium.

All other revenues related to plate issuance and motor vehicle registration would remain unchanged.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

ADDITIONAL REVENUES GENERATED - 1ST BIENNIUM:

Revenues for the Highway Tax Distribution Fund (HTDF):

238,000 total plates issued (1st biennium) pursuant to HB1170 X \$10 fee (HTDF portion pursuant to section 1b of the bill) = \$2,380,000 additional gross revenue for the Highway Tax Distribution Fund.

The expenses related to the issuance cost of the plates (as identified in part 3 B below) must be deducted from the gross proceeds for the HTDF. This results in a net figure which will distribute through the Highway Tax Distribution Fund. Accordingly, the net HTDF revenues (for the first biennium) and related distribution are computed as follows: \$2,380,000 additional gross revenue for HTDF - \$2,317,240 additional costs incurred by NDDOT to issue and administer the provisions of this bill = \$62,760 net proceeds available for distribution through the HTDF.

Distribution of net revenue proceeds through the HTDF (\$62,760):

Counties (21.5%) = \$13,493

Cities (13%) = \$8,159

Townships (2.7%) = \$1,695

Public Transportation (1.5%) = \$941

NDDOT (61.3%) = \$38,472

Revenues for the Veteran's Cemetery Maintenance Fund (VCMF):

238,000 total plates issued pursuant to HB1170 X \$5 fee (VCMF portion pursuant to section 1b of the bill) = \$1,190,000 additional gross revenue for the Veteran's Cemetery Maintenance Fund.

Revenues to Adjutant General from subsequent years annual surcharge (\$10 surcharge; to be further split out and distributed to other special funds by the Adjutant General):

119,000 outstanding plates from 1st year sales X \$10 = \$1,119,000

Total 1st biennium revenues shown in Part 1A above:

\$38,472 (NDDOT HTDF fund distribution) + \$2,317,240 (revenue to NDDOT to cover design, production, issuance, and administration costs) + \$1,119,000 Revenues for VCMF + \$1,119,000 surcharge revenues distributed to the Adjutant General = \$4,593,712.

Total 1st biennium revenues shown in Part 1B above:

\$13,493 = Counties share of HTDF

\$8,159 = Cities share of HTDF

ADDITIONAL REVENUES GENERATED - 2ND BIENNIUM:

Revenues for the Highway Tax Distribution Fund (HTDF):

119,000 total plates issued (2nd biennium) pursuant to HB1170 X \$10 fee (HTDF portion pursuant to section 1b of the bill) = \$1,190,000 additional gross revenue for the Highway Tax Distribution Fund.

The expenses related to the issuance cost of the plates (as identified in part 3 B below) must be deducted from the gross proceeds for the HTDF. This results in a net figure which will be distributed through the Highway Tax Distribution Fund. Accordingly, the net HTDF revenues (for the second biennium) and related distribution are computed as follows: \$1,190,000 additional gross revenue for HTDF - \$1,157,870 additional costs incurred by NDDOT to issue and administer the provisions of this bill = \$32,130 net proceeds available for distribution through the HTDF.

Distribution of net revenue proceeds through the HTDF (\$32,130):

Counties (21.5%) = \$6,908
 Cities (13%) = \$4,177
 Townships (2.7%) = \$868
 Public Transportation (1.5%) = \$482
 NDDOT (61.3%) = \$19,695

Revenues for the Veteran's Cemetery Maintenance Fund (VCMF):
 119,000 total plates issued pursuant to HB1170 X \$5 fee (VCMT portion pursuant to section 1b of the bill) = \$595,000 additional gross revenue for the Veteran's Cemetery Maintenance Fund.

Revenues to Adjutant General from subsequent years annual surcharge (\$10 surcharge; to be further split out and distributed to other special funds by the Adjutant General):
 \$3,338,000 (338,000 outstanding plates from 1st biennium sales X \$10) + \$595,000 (59,500 outstanding plates from 1st year of second biennium sales X \$10) = \$3,933,000

Total 2nd biennium revenues shown in Part 1A above:
 \$19,695 (NDDOT HTDF fund distribution) + \$1,157,870 (revenue to NDDOT to cover production, issuance, and administration costs) + \$595,000 Revenues for VCMF + \$3,933,000 surcharge revenues distributed to the Adjutant General = \$5,705,565.

Total 2nd biennium revenues shown in Part 1B above:
 \$6,908 = Counties share of HTDF
 \$4,177 = Cities share of HTDF

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The estimated costs for plate design, production, issuance, and administration for the first biennium are estimated at \$2,317,240.

The estimated costs for production, issuance and administration for subsequent bienniums are estimated at \$1,157,870.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

NDDOT would require an addition to the 2011-2013 biennium appropriation in the amount of \$2,317,240 and an additional \$1,157,870 for the 2013-2015 biennium.

The Veteran's Cemetery Maintenance Fund, the Veteran's Cemetery Trust Fund, and the Adjutant General may possibly need appropriation increases to carry out their responsibilities resulting from this bill.

Name:	Shannon L. Sauer	Agency:	NDDOT
Phone Number:	328-4375	Date Prepared:	01/31/2011