

BILL SUMMARY
1st Session of the 52nd Legislature

Bill No.: SB 658
Version: 2nd Conference Committee Substitute
Author: Rep. Nelson & Sen. Aldridge
Date: May 22, 2009
Impact: Motor Vehicle and Vehicle Excise Tax
FY10: \$8.2 Million increase to Tag Agents &
\$16.4 Million increase to General Revenue Fund
FY11: \$16.4 Million to State Highway Fund &
\$0 to General Revenue Fund

Bill Summary

Research Analyst: Jonathan S. Small II

The measure amends the current per day fee for failure to timely renew a vehicle registration, and authorizes the motor license agent collecting the fee to receive a portion of the fee, beginning July 1, 2009. Currently, the fee is \$0.25 per day, and will be \$1.00 per day upon passage of this measure. The penalty is limited to a \$100 maximum. The fee will be apportioned as follows:

- \$0.25 to the various apportionments as the current \$0.25 apportionments,
- \$0.25 to the motor license agent collecting the fee, and
- \$0.50 to the General Revenue Fund for the Fiscal Year beginning July 1, 2009 and then \$0.50 to the State Highway Construction and Maintenance Fund for every fiscal year after FY-2010.

The measure is effective July 1, 2009.

Fiscal Summary

Fiscal Analyst: Diane Thomas

The 2nd CCS for SB 658 (effective July 1, 2009) increases penalties for:

- Failure to register a vehicle in a timely manner (within 30 days from transfer or expiration) from \$0.25 per day to \$1.00 per day; and
- Failure to timely pay vehicle excise tax (within 30 days from transfer of ownership or first registration in this state) from \$0.25 cents per day to \$1.00 per day.

The measure also provides that the increased penalty amounts be apportioned as follows:

- 25 cents is apportioned under current motor vehicle collections law;
- 25 cents is retained by the tag agents; and
- 50 cents is deposited in the General Revenue Fund in FY10 and is deposited in the State Highway Construction and Maintenance Fund in FY11 and subsequent years.

Fiscal Analysis

The current \$0.25 per day penalties cannot exceed a total of \$25 for vehicle registration purposes nor the amount of tax levied for vehicle excise tax purposes. The 2nd CCS for ESB 658 provides the total penalties cannot exceed \$100. In calendar year 2008, 16% (520,158 of 3,235,202) of vehicle registrations were assessed delinquent penalties. Of this amount, 22% (113,631) were assessed the maximum penalty of \$25. The total registration penalty assessment in 2008 was \$7.2 Million, and the portion of those reflecting the maximum \$25 penalty was \$2.8 Million.

In this impact, 90 days for the delinquent value is assigned to those vehicles which had the maximum \$25 penalty in 2008.

Converting non-\$25 penalty assessments from \$0.25 to \$1 per day	\$17,255,648
Converting maximum \$25 penalty to \$90	\$10,226,790
Total estimate of increased registration penalty amounts (\$17,255,648 + \$10,226,790 = \$27,482,438 - \$7,154,687)	\$20,327,751

The estimated \$20,327,752 increase in penalties will be apportioned as follows:

- \$6,775,917 increase in motor license agent retention amounts; and
- \$13,551,834 increase in the General Revenue Fund in FY10 and the State Highway Construction and Maintenance Fund in FY11 and following fiscal years.

Vehicle excise tax penalties begin 31 days following ownership assignment. Currently, the penalties continue to accrue until the penalty is capped at an amount equal to the amount of vehicle excise tax levied. The proposed legislation will retain the same cap while increasing the daily penalty amount from \$0.25 to \$1.

In calendar year 2008, a total of 787,158 vehicle titles were issued from which vehicle excise tax was collected; 109,002 or about 14% of those title transactions included the assessment of vehicle excise tax penalty as follows:

2008 vehicle excise tax penalty at \$0.25 per day	\$1,428,111
Average delinquency period	52 days
Estimated additional excise tax penalties at \$1 per day	\$4,284,333

The additional increase in penalties will be apportioned as follows:

- \$1,428,111 increase in motor license agent retention amounts; and
- \$2,856,222 increase in the General Fund in FY10 and in the State Highway Construction and Maintenance Fund in FY11.

The total increases for penalties are apportioned as follows:

- \$8,204,028 increase in motor license agent retention amounts; and
- \$16,408,056 increase in the General Fund in FY10 and in the State Highway Construction and Maintenance Fund in FY11.

The effective date for this measure is July 1, 2009. The revenue impact for FY10 is an estimated increase of \$8,204,028 in motor license agent retention amounts and an increase of \$16,408,056 for the General Revenue Fund in FY10 and by the same amount for the State Highway Construction and Maintenance Fund in FY11.

Long Term Fiscal Considerations

As stated above.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director