

HF2072 - 0 - "Watercraft and Motor Vehicle Transf"

Chief Author: **Tony Albright**  
 Committee: **Taxes**  
 Date Completed: **04/06/2015**  
 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue	X	
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018
Transit Assistance	-	-	19	19	19
Highway Users Tax Distribution	-	-	28	28	28
<b>Total</b>	-	-	<b>47</b>	<b>47</b>	<b>47</b>
<b>Biennial Total</b>			<b>47</b>		<b>94</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Transit Assistance	-	-	-	-	-
Highway Users Tax Distribution	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Keith Bogut      Date: 4/3/2015 4:04:58 PM  
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### State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Transit Assistance	-	-	-	19	19	19
Highway Users Tax Distribution	-	-	-	28	28	28
<b>Total</b>	-	-	-	<b>47</b>	<b>47</b>	<b>47</b>
<b>Biennial Total</b>				<b>47</b>		<b>94</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Transit Assistance	-	-	-	-	-	-
Highway Users Tax Distribution	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
Transit Assistance	-	-	-	(19)	(19)	(19)
Highway Users Tax Distribution	-	-	-	(28)	(28)	(28)
<b>Total</b>	-	-	-	<b>(47)</b>	<b>(47)</b>	<b>(47)</b>
<b>Biennial Total</b>				<b>(47)</b>		<b>(94)</b>

### Bill Description

This bill amends Chapter 168A.125 to allow for a motor vehicle title to include the designation of a beneficiary on transfer of death (TOD).

### Assumptions

Assume an effective date of August 1, 2015. Assume programming would not be completed prior to July 1, 2016.

Assume approximately 1,500,000 motor vehicle title are processed each year.

Assume approximately 267,000 motor vehicle title transfers occur each year.

Assume no change in the number of motor vehicle title transfers each year.

Assume approximately \$82,800,000 in sales tax revenue is collected for motor vehicle title transfers each year.

Assume motor vehicle transfer on death (TOD) is exempt from paying sales tax upon transfer.

Assume no change in the collection of fees for issuing new motor vehicle titles.

Assume DVS does not have demographic information available to accurately determine the number of participants in the TOD option nor how many transfers would occur each year.

Assume 1% of all motor vehicle titles or 15,000 titles would have the TOD option.

Assume 1% or 150 motor vehicle titles with the TOD option will actually transfer the motor vehicle title each year.

Assume an average motor vehicle sales tax of \$310 (\$82,800,000/267,000).

Assume a loss of \$46,500 (150 \* \$310) in sales tax revenue each year.

### **Expenditure and/or Revenue Formula**

Revenue (loss):

Each fiscal year \$46,500 (HUTD Fund \$27,900; Transit Assistance Fund \$18,600)

### **Long-Term Fiscal Considerations**

The DVS budget is fee-based and must cover the cost of business through the fees collected. Any increase in expenses may require increasing fees.

### **Local Fiscal Impact**

### **References/Sources**

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