

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6537**  
**BILL NUMBER: HB 1096**

**DATE PREPARED:** Jan 25, 1999  
**BILL AMENDED:**

**SUBJECT:** Add certain vehicles to fuel tax distribution.

**FISCAL ANALYST:** James Sperlik  
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**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill specifies that a van, sport utility vehicle, or other motor vehicle is a passenger motor vehicle and not a truck if it is designed primarily for carrying passengers. It replaces the term "passenger car" with "passenger motor vehicle" in the allocation formula for the Local Road and Street Account in order to include van and sport utility vehicle registrations in the formula.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** This proposal will clarify the definition of a truck which is used for determining the allocation formula for the Local Road and Street Account. For the Bureau of Motor Vehicles (BMV), this may reduce administrative time spent on making these determinations. The fund affected is the Motor Vehicle Highway Account which supports the BMV.

**Explanation of State Revenues:** This proposal eliminates the registration of Vans and Sport Utility Vehicles as pick-up trucks and requires them to be registered as passenger cars. The registration fee for a passenger car is \$16.75, while the registration fee for a 7,000 lbs. truck is \$25.75, a difference of \$9. In 1997, there were approximately 389,100 Vans registered. Based on an analysis of the 389,100 Vans, (the Bureau of Motor Vehicles does not register vehicles as Sport Utility Vehicles), there would be a revenue loss of approximately \$3.5 million per year if all Vans were registered as passenger cars. It is unlikely that all Vans would be registered as cars, since not all Vans have as their primary purpose the carrying of passengers. The following table shows the estimated impact if various percentage of the Vans were registered as passenger cars. This does not include Sport Utility Vehicles.

<u>% Registered as Cars</u>	<u>Est. Revenue Loss</u>
10%	\$350,190
25%	\$875,475
50%	\$1,750,950
75%	\$2,626,425
100%	\$3,501,190

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) Of the estimated revenue loss to the Motor Vehicle Highway Account because of the change in registration fee, local units would lose 47% whatever the revenue loss would total. Local units receive 47% of the Motor Vehicle Highway Account distribution.

The specific impact of registering Vans and Sport Utility Vehicles as passenger cars for the purposes of the Local Road and Street Account will depend upon the number of vehicles involved. This bill attempts to remove any ambiguity with regard to what vehicles are classified as trucks. For the distribution of the Local Road and Street Account, one of the formulas used to distribute motor fuel taxes to local units, this likely will mean more vehicles will be counted as cars, rather than trucks, and consequently they will now be included in the Local Road and Street Account formula. This formula only includes passenger cars and does not include pickup trucks.

Based on the analysis of the 389,100 Vans, this proposal will shift approximately \$549,000 between recipient entities. There are 280 units with increases and 380 units with decreases.

**State Agencies Affected:** Bureau of Motor Vehicles.

**Local Agencies Affected:** Those local units that receive distributions from the Local Road and Street Account.

**Information Sources:** RBP 99 report for 1997 from the Bureau of Motor Vehicles; Jane Morrill, Director of Treasury, Bureau of Motor Vehicles, 232-2822.