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**FISCAL IMPACT STATEMENT**

**LS 7300**

**BILL NUMBER: SB 579**

**NOTE PREPARED: Jan 12, 2011**

**BILL AMENDED:**

**SUBJECT:** Farm Plates on Semitrailers and Tractors.

**FIRST AUTHOR:** Sen. Mishler

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that a semitrailer and tractor: (1) having a declared gross weight of at least 11,000 pounds; and (2) used by the owner or guest occupant in connection with agricultural pursuits usual and normal to the user's farming operation; may not be registered as a farm semitrailer and tractor after December 31, 2011. The bill also makes conforming amendments.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** *Summary:* This bill will increase revenue to the Motor Vehicle Highway Account from licensing fees paid on farm semi-trailer and tractors and decrease revenue received from intrastate transportation fees. The net increase in revenue to the MVHA is estimated to be \$4.8 M per year.

**Additional Information:**

Currently, farm trucks, farm trailers, farm tractors, and farm semi-trailers are included in these provisions. This bill will include only farm trucks and farm trailers in the list of vehicles that will continue to pay the following:

- (1) 50% of the vehicle's associated annual registration fees
- (2) the additional 8.5% of the registration fees for the intrastate transportation of seasonal or perishable fruit or vegetables to the first point of processing for not more than the first 30-day period in a registration year;

and

(3) the additional 17% of the registration fees for the intrastate transportation of tomatoes or silage to the first point of processing for not more than the first 71-day period in a registration year.

Using BMV data for CY 2009, the number of registered farm semi-trailers (10,018) and farm semi-tractors (12,300) along with their weight classification was used to calculate the fiscal impact of this bill.

*Registration Fees:* The bill removes farm semi-trailers and tractors from those vehicles that pay 50% of the vehicle's associated registration fees and require them to pay the full fee amount. This will increase state revenue from registration fee collections.

Currently, farm semi-tractors are subjected to registration fees between \$92.75 and \$682.75 per year. As proposed, farm semi-tractors will be required to pay annual registration fees between \$179.75 and 1,359.75. This will increase revenue received from farm semi-tractor registration fees between \$87 and \$677 per registered vehicle. This bill is expected to increase state revenue from farm semi-tractor registrations by approximately \$5.3 M per year.

Currently, farm semi-trailers are subject to an annual registration fee of \$23.75. As proposed, farm semi-trailers will be required to pay an annual registration fee of \$41.75. This will increase registration fee revenue received from farm semi-trailers by \$18 per trailer, or \$221,000 per year.

Of these registrations, a set portion of the fees are distributed to the Crossroads 2000 Fund, the Public Safety Fund, the Anti-Terrorism Fund, the BMV Technology Fund, and the BMV Commission Fund. The Motor Vehicle Highway Account (MVHA) receives a portion of the fees that is based on the weight of the vehicle. The additional revenue by requiring farm semi-trailers and tractors to register at the commercial rate (rather than the reduced farm rate) will only increase revenue to the MVHA. The total increase in revenue to the MVHA is expected to be approximately \$5.5 M per year.

*Intrastate Transportation:* Currently, farm semi-trailers and tractors are required to pay either an additional 8.5% (30 days) or 17% (71 days) of the annual registration fees if these vehicles are to be used for the intrastate transportation of certain crops. The bill will remove this requirement from farm semi-trailers and tractors. As a result, the MVHA will receive less revenue from these fees. This is expected to decrease MVHA revenue between \$7.88 and \$58.03 for a 30-day license and \$15.77 and \$116.07 for a 71-day license, per vehicle. Assuming at least half of these vehicles request a 30-day license and the other half request a 71-day license, the total reduction in MVHA revenue is expected to be \$241,000 for a 30-day license and \$482,000 for a 71-day license.

### **Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Motor Vehicle Excise Tax:* This bill will also remove farm semi-trailers and tractors from the list of farm vehicles that are required to pay 50% of the Motor Vehicle Excise Tax. This provision is expected to increase local revenue between approximately \$134,000 and \$5.9 M per year (with an average of \$3 M).

Motor Vehicle Excise Taxes are based on the age and retail price of a vehicle. The minimum amount of tax revenue that can be received from a motor vehicle (assuming no discounted rate in statute) is \$12, and the maximum is \$532. By removing farm semi-trailers and tractors from the 50% reduction in Motor Vehicle Excise Tax, this bill is expected to increase motor vehicle excise tax revenue between \$6 and \$266 per farm

semi-trailer and tractor.

*Background Information:* Revenue from the Motor Vehicle Excise Tax is allocated to the taxing district in which the registrant resides. The revenues are then distributed to the taxing units of that taxing district in the same manner and at the same time that property taxes are distributed. A portion of the revenue is retained by the state. The amount retained equals the excise tax distributions that would have been based on property tax levies for the school general fund, preschool special education fund, child welfare funds, and the health care for the indigent fund if the state had not assumed funding beginning in 2009. A \$1.15 service charge is retained and deposited in the state License Branch Fund.

**State Agencies Affected:** BMV.

**Local Agencies Affected:**

**Information Sources:** Tamytha Cooper, BMV.

**Fiscal Analyst:** Bill Brumbach, 232-9559.