

TAXATION SUBCOMMITTEE MEETING MINUTES - VEHICLE FEE LEGISLATION
February 6, 1981

The Taxation Subcommittee convened on Friday, February 6, 1981 in Room 102 at 10:15 a.m. Present were CHAIRMAN SIVERTSEN, and members HARP, WILLIAMS, NEUMAN, HARRINGTON, UNDERDAL, SWITZER, AND NORDTVEDT.

REP. NORDTVEDT stated that whatever is done in the vehicle division will have an impact on government. He felt more than one type of bill should be drafted so the legislature would have options on the bills presented. REP. HARP said possibly have one bill on trade-in and one on fee systems. REP. NORDTVEDT said funds could be pumped into local governments from the severance tax. Need something to use as the official roster of vehicles. Need to know from the IRS what is the bottom line when they accept assessment. What are the base things they look at. Would we go to one-half or three-quarter ton. REP. HARP felt 8,000 would be as high as possible.

REP. HARP asked about going with a fee system. REP. NORDTVEDT said if it is not subject to mills. There are limitations whether we go mills or state tax. REP. WILLIAMS said it would fall into the same category as the state if we go state-wide as on the property tax. Does it affect it whether on vehicles or property. REP. NORDTVEDT said it is no longer attached to mill levy. If it doesn't use the mills, could not use it in the base.

REP. SIVERTSEN said the object is to come out with the best possible fee bill that we can. Problems will be caused by local loss of base. If you believe in the fee concept, you have to address the cost of additional funding.

REP. WILLIAMS said if no fee bill is passed, we should have another proposal on the advalorem on the assessed value.

REP. NORDTVEDT said we need to determine when the blue book would be used.

MIKE SEEDEN said when the bill is decided on, it would be good to involve the different agencies i.e. treasurers, clerks, counties, and cities, and have definite charts to show how each relates to the bill.

REP. WILLIAMS said the governor's proposal is tied to the severance tax and petroleum. Do we have anything as a guideline on the severance tax fund?

REP. NORDTVEDT said the hard part is to work on the administrative procedures to be followed. Can start with about any figure and can be corrected in the end, but must make sure that the procedure is correct.

REP. SIVERTSEN said we will bring out the different proposals for funding on the local government level.

REP. NORDTVEDT said the committee could start with HB 428 and use it as a skeleton hoping to get a Senate bill on fee schedules. Work on the assumption that the governor's bill will survive the Senate.

REP. NORDTVEDT said HB 428 is up to three-quarter ton but does not address the bonding problems. Has a formula for a uniform state tax on the vehicle. Includes \$15 plus two and one-half percent of the trade-in. There is an impact on the local governments. The high mill counties would be losing more and the low mill counties would be making more.

REP. HARP said we need to stay with one set of figures. Do the counties know what they are doing? The figures on the fiscal note includes only light trucks, etc. not campers or motor homes.

REP. NORDTVEDT said the system would start with the Department of Justice producing a notice of requirement to reregister. They or the Department of Revenue would have a central system and would create a tax due bill. The person would get the bill and registration. They would pay at the county treasurer either in person or by mail. They would receive tabs at that time. All taxes should be paid to the county treasurer. All the revenue would stay at the county treasurer unless we have the one-half percent.

Rural counties will have raised taxes and urban ones will be lower. Cannot lower the taxes at the expense of rural areas.

REP. NORDTVEDT said he would make a chart showing how the taxes would be collected, who is involved and the distribution thereof.

The committee decided to have people involved at the next meeting who would be involved with the system such as insurance folks and the Registrar of Motor Vehicles.

The meeting adjourned at 11:00 a.m.

Rep. Bob Sivertsen, Chairman

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MOTOR VEHICLE FEE SYSTEM BILLS

BILL #	SPONSOR	MAJOR CHARACTERISTICS	FISCAL IMPACT: % OF CURRENT COLLECTIONS
HB 86	Yardley	+Fee based on WEIGHT and AGE: Under 3,000: \$5-165 3,000 lbs. and over: \$10-205 Motorcycles: \$5-30 +Repeals New Car sales tax	105% (\$4.3 to 4.5 million loss to Highway Department)
HB 113	Wallin	+Fee based on WEIGHT & AGE: Under 3,000 lbs: \$25-100 3,000 lbs. and over: \$25-115 +Raises registration fee to \$12.50 +Adds vehicle value to taxable value	70% (Plus \$1,593,000 to counties due to registration fee increase)
HB 119	Harrington	Places vehicles in class eight (11%)--removes them from class nine (13%)	84%
HB 234	Harp	+Fee bases on ENGINE SIZE and AGE: 4 cylinders and under: \$5-125 5 & 6 cylinders: \$10-150 6 cylinders and over: \$20-200 +Raises reregistration fees -- \$12.50 +County re-registration by mail mandated	92% (Plus \$1,593,000 to counties due to registration fee increase)
HB 374	Quilici	+Based on WEIGHT and AGE: Under 3,000 lbs: \$15-115 3,000 lbs. and over: \$15-125 +Fee on motorcycles & boats also +Adds vehicle value to taxable value	75%
HB 428	Nordtvedt	+Uniform state vehicle tax of \$15 plus 2.5% of average trade in value of vehicle +Cars too old to be in guide book: \$20 +Revenue allocated to: 1. state school equilization aid 17.5% 2. U-system 2.5% 3. Local govt where vehicle reg. 80%	83%
HB 483	Waldron	+Based on WEIGHT and AGE: Under 3,000 lbs: \$10-165 3,000 lbs. and over: \$10-205 +CPI indexed +Adds vehicle value to taxable value	105%

BILL #	SPONSOR	MAJOR CHARACTERISTICS	FISCAL IMPACT: % OF CURRENT COLLECTIONS
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SB 126	Severson	+Bases present ad valorem tax on "average wholesale value" which is defined as the value to a dealer prior to reconditioning and profit margin	75-80%
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SB 252	Goodover	+Based on "average trade in value" with sliding tax scale from \$15 on vehicle values under \$1,000 to \$375 for vehicle values over \$15,000	66%
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SB 213	Dover	+Fee based on weight; 5¢ per lb. in 500 lb. increments +Adds vehicle value to taxable value	200%*
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Blaylock (Governor)	+Fee Based on AGE & WEIGHT:		48% [plus revenue loss replace- ment formula]
	AGE:	WEIGHT:	
		Under Over	
		2,850 lbs. 2,850 lbs.	
	4 yrs. and under	\$45 \$65	
	more than 4 yrs.	\$20 \$25	
	+Mail registration		
	+Adds more % to taxable value		
	+Aid to local governments on a dollar-for-dollar loss basis in first year. Subsequent years' reimbursement based on first year and computed by formula involving number of cars.		
	+[Companion bill on oil & gas tax to fund revenue lost by local governments]		

*No fiscal note was requested on this bill. The Department of Revenue indicated that its data file divides in two categories -- over 3000 lbs. and up to 3000 lbs. The Department emphasized that the lack of data on the distribution of vehicle weights made a precise estimate impossible.

SOURCE: Testimony presented at House Taxation Committee Meetings and responses by officials of the Department of Revenue. It should be noted that the Department's estimates contained many caveats and statements as to the lack of precision in most of the estimates. The estimates should be regarded as rough.