



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **SB0327.02 (001): Revise motor vehicle registration fees**

Primary Sponsor: Greg Hertz Status: As Amended in Senate Committee

- ☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☒ Significant Local Gov Impact
- ☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

|                             | <u>FY 2026<br/>Difference</u> | <u>FY 2027<br/>Difference</u> | <u>FY 2028<br/>Difference</u> | <u>FY 2029<br/>Difference</u> |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Expenditures</b>         |                               |                               |                               |                               |
| General Fund (01)           | \$38,965                      | \$28,409                      | \$25,225                      | \$22,482                      |
| State Special Revenue (02)  | \$36,900                      | \$0                           | \$0                           | \$0                           |
| <b>Revenues</b>             |                               |                               |                               |                               |
| General Fund (01)           | (\$27,484,191)                | (\$55,424,897)                | (\$55,927,128)                | (\$56,400,004)                |
| State Special Revenue (02)  | (\$1,046,449)                 | (\$2,085,843)                 | (\$2,104,526)                 | (\$2,122,117)                 |
| <b>Net Impact</b>           | <u>(\$27,523,156)</u>         | <u>(\$55,453,306)</u>         | <u>(\$55,952,353)</u>         | <u>(\$56,422,486)</u>         |
| <b>General Fund Balance</b> |                               |                               |                               |                               |

### Description of fiscal impact

SB 327, as amended, makes sweeping changes to vehicle registration fees contained in 61-3-321, MCA. These fee changes affect light vehicles, trailers, heavy trucks, motorhomes, off-highway vehicles, motorcycles, boats, and snowmobiles. The net effect of the changes is a reduction in general fund revenue of about \$27 million in FY 2026 and about \$55-\$56 million per year for FY 2027 – FY 2029. The reduction in general fund motor vehicle revenue affects state special revenue from general fund transfers provided for in 15-1-122, MCA. The amended bill raises a few of the account distributions specified in 15-1-122, MCA, mitigating the revenue loss to these accounts from the reduction in general fund motor vehicle revenue.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Justice

- The Motor Vehicle Division (MVD) assumes that \$60,000 for programming and \$1,500 testing and quality assurance will be required in FY 2026 to modify the Credentialing and Registration System (CARS) to accommodate the changes provided for in the bill.
- Fiscal impacts are calculated for each fee change. First, the HJ 2 assumed growth rates of the Montana vehicle stock are applied to the base of FY 2024 registrations to project registrations through FY 2029 for each vehicle type. These growth rates are 0.9% in FY 2025, 0.8% in FY 2026, 0.8% in FY 2027, 0.9% in FY 2028, and 0.8% in FY 2029. Multiplying projected registrations by the difference between the current law fee and the proposed fee in SB 327 yields the fiscal impact.
- The light vehicle annual registration fee is determined by the age of the vehicle.
  - The fee for light vehicles aged 4 years or less (259,931 registration in FY 2024) moves from \$217 to \$110, which reduces general fund revenue by an average of \$28.6 million per year.

- b. The fee for light vehicles aged 5 – 10 years (362,047 registrations in FY 2024) moves from \$87 to \$40, which reduces general fund revenue by an average of \$17.5 million per year.
- c. The fee for light vehicles 11 years or older (306,513 registrations in FY 2024) moves from \$28 to \$20, which reduces general fund revenue by an average of \$2.5 million per year.
- d. The fee for light vehicles 11 years or older that choose to permanently register (100,451 registrations in FY 2024) moves from \$87.50 to \$75, which reduces general fund revenue by an average of \$1.3 million per year.
4. Trailer, semitrailer or pole trailers have a one-time registration fee based on the declared weight of the trailer.
  - a. The fee for trailers weighing less than 6,000 pounds (28,428 registrations in FY 2024) moves from \$61.25 to \$75, which increases general fund revenue by an average of \$400,000 per year.
  - b. The fee for trailers weighing 6,000 pounds or more (23,259 registrations in FY 2024) moves from \$148.25 to \$75, which reduces general fund revenue by an average of \$1.7 million per year.
5. Trailers registered under 61-3-701, MCA, have a one-time registration fee based on declared weight of the trailer.
  - a. The fee for trailers weighing less than 6,000 pounds (120 registrations in FY 2024) moves from \$30 to \$50, which increases general fund revenue by an average of \$2,000 per year.
  - b. There were no trailers over 6,000 pounds registered under 61-3-701, MCA, in FY 2024.
6. Motor vehicles registered as a collector's item have a one-time registration fee based on the weight of the vehicle. The fee for collector's item vehicles weighing less than 2,840 pounds (150 registrations in FY 2024) moves from \$5 to \$10, which increases general fund revenue by an average of \$800 per year. There is no change to the fee for collector's item vehicles weighing 2,840 pounds or more.
7. The one-time registration fee for off-highway vehicles, other than motorcycles or quadricycles, (22,582 registrations in FY 2024) moves from \$61.25 to \$45, which reduces general fund revenue by an average of \$370,000 per year.
8. The one-time registration fee for off-highway vehicles, other than motorcycles or quadricycles, with a summer recreation trail pass (2,500 registration in FY 2024) moves from \$41.25 to \$45, which increases general fund revenue by an average of \$10,000 per year.
9. The annual registration fee for heavy trucks and buses weighing more than one ton (55,617 registrations in FY 2024) moves from \$22.75 to \$20, which decreases general fund revenue by an average of \$160,000 per year.
10. The motorhome annual registration fee is determined by the age of the vehicle.
  - a. The fee for motorhomes 2 years or less (3,768 registrations in FY 2024) moves from \$282.50 to \$200, which reduces general fund revenue by an average of \$320,000 per year.
  - b. The fee for motorhomes at least 3 years old but less than 5 years old (6,048 registrations in FY 2024) moves from \$224.25 to \$200, which reduces general fund revenue by an average of \$150,000 per year.
    - i. The fee for motorhomes at least 5 years old but less than 8 years old (5,664 registrations in FY 2024) moves from \$132.50 to \$100, which reduces general fund revenue by an average of \$190,000 per year.
11. The fee for motorhomes 8 years old or more (10,908 registrations in FY 2024) moves from \$97.5 to \$100, which increases general fund revenue by an average of \$28,000 per year.
  - a. The fee for motorhomes 11 years or older that choose to permanently register (21,039 registrations in FY 2024) moves from \$237.50 to \$175, which reduces general fund revenue by an average of \$1.4 million per year.
12. The one-time registration fee for on-highway motorcycles and quadricycles (14,670 registrations in FY 2024) moves from \$53.25 to \$45, which reduces general fund revenue by an average of \$125,000 per year.
13. The one-time registration fee for off-highway motorcycles and quadricycles (25,082 registrations in FY 2024) moves from \$53.25 to \$45, which reduces general fund revenue by an average of \$213,000 per year.
14. Travel trailers have a one-time registration fee based on the length of the travel trailer.

- a. The fee for travel trailers less than 16 feet long (1,461 registrations in FY 2024) moves from \$72 to \$75, which increases general fund revenue by an average of \$5,000 per year.
  - b. The fee for travel trailers that are 16 feet or longer (13,150 registration in FY 2024) moves from \$152 to \$75, which reduces general fund revenue by an average of \$1 million per year.
15. Boats have a one-time registration fee based on the length of the boat.
- a. The fee for boats less than 16 feet long (4,647 registrations in FY 2024) moves from \$65.50 to \$45, which reduces general fund revenue by an average of \$100,000 per year.
  - b. The fee for boats at least 16 feet but less than 19 feet in length (3,994 registrations in FY 2024) does not change.
  - c. The fee for boats 19 feet long or more (5,184 registrations in FY 2024) moves from \$295.50 to \$250, which reduces general fund revenue by an average of \$240,000 per year.
16. The one-time registration fee for a personal snowmobile (3,660 registrations in FY 2024) moves from \$60.50 to \$45. Snowmobiles registered to a business for rental use pay fee of \$40.50 in the first year (561 registrations in FY 2024), a fee of \$20 in the second year (479 registrations in FY 2024), and a fee of \$60.50 for permanent registration in the third year (470 registrations in FY 2024). The business fees are collapsed into a one-time permanent registration fee of \$50 for a rental snowmobile. The fee changes for snowmobile registrations reduce general fund revenue by an average of \$90,000 per year.
17. The total fiscal impact to general fund revenue resulting from the fee changes provided for in SB 327 is a reduction of \$27.5 million in FY 2026, \$55.4 million in FY 2027, \$55.9 million in FY 2028, and \$56.4 million in FY 2029. The bill is effective January 1, 2026, so the fiscal impact for FY 2026 is halved.
18. A portion of general fund revenue from motor vehicle fee is transferred to various state special revenue accounts pursuant to 15-1-122, MCA. SB 327, as amended, increases the percentage distribution to some of these accounts (the distribution to the Department of Fish, Wildlife, and Parks is unchanged). The allocation to the motor vehicle recycling program is raised from 1.48% to 3%; the allocation to the noxious weed account is raised from 1.5% to 3%; the allocation to the veterans' cemetery and services accounts is raised from 0.81% to 1.62%; and the allocation to the search and rescue account is raised from 0.04% to 0.08%. These increased distribution percentages offset the effect of the reduction in general fund motor vehicle revenue that would otherwise reduce revenue to the accounts. The fiscal impact is summarized in the table below:

| State Special Revenue Impacts of SB 327                 |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
|   | FY 2026        | FY 2027        | FY 2028        | FY 2029        |
| <b>Change in Motor Vehicle Revenue</b>                  | (\$27,484,191) | (\$55,424,897) | (\$55,927,128) | (\$56,400,004) |
| <b>Fiscal Impact</b>                                    |                |                |                |                |
| MVD Administration Account                              | (\$824,526)    | (\$1,662,747)  | (\$1,677,814)  | (\$1,692,000)  |
| Motor Vehicle Recycling Program (1.48% => 3%)           | \$12,318       | \$24,620       | \$23,492       | \$22,529       |
| Noxious Weed Account (1.5% => 3%)                       | \$1,307        | \$2,418        | \$1,106        | (\$30)         |
| Department of Fish, Wildlife, and Parks                 | (\$197,886)    | (\$399,059)    | (\$402,675)    | (\$406,080)    |
| Veteran's Cemetery and Services Accts. (0.81% => 1.62%) | \$706          | \$1,306        | \$597          | (\$16)         |
| Search and Rescue Acct. (0.04% => 0.08%)                | \$35           | \$64           | \$29           | (\$1)          |
| <b>Total State Special Revenue Impact</b>               | (\$1,008,047)  | (\$2,033,398)  | (\$2,055,264)  | (\$2,075,598)  |

19. There is a 3% administration fee assessed on all Title 61, MCA, transactions. Revenue from this fee is deposited into the MVD administration account in the state special revenue fund. The reduction of registration fees in SB 327 results in a loss in revenue from the administrative fee of \$825,000 in FY 2026, \$1.66 million in FY 2027, \$1.68 million in FY 2028, and \$1.69 million in FY 2029.

#### Department of Transportation

20. In registration year 2024, MDT registered 1,437 light vehicles and 10,435 heavy vehicles.
21. MDT will continue to register approximately the same number of vehicles each year.
22. The apportioned fees that MDT collects represent the portion of miles traveled in Montana compared to the total miles traveled in all jurisdictions.

23. The average per vehicle distance for Montana IRP registrations is 15% of the total for all IRP participating states.
24. The average per vehicle distance percentage will remain approximately 15% each year.
25. Fees collected for the 2024 registration year were \$39,888 for light duty vehicles (1,437 vehicles x applicable fee x 15% = \$39,888) and \$35,614 for heavy vehicles. (10,435 vehicles x \$22.75 x 15% = \$35,614).
26. Fees collected if bill passes for the 2025 registration year would be \$20,160 for light duty vehicles (1,437 vehicles x applicable fee x 15% = \$20,160) and \$31,305 for heavy vehicles. (10,435 vehicles x \$45 x 15% = \$31,305).
27. This is a net revenue loss of \$24,037.  $((\$20,160 + \$31,305) - (\$39,888 + \$35,614)) = -\$24,037$ .
28. There would not be a cost to upgrade the current system used to register vehicles at MDT.

**Department of Fish, Wildlife, and Parks**

29. Per Section 15-1-122, MCA, Fish, Wildlife and Parks (FWP) receives the following shares of general fund motor vehicle revenue:
- 0.46% which is distributed as follows:
    - 4.8 % to acquire and maintain pump out equipment and other boat facilities (fund 02331)
    - 19.1% for enforcement of boating recreation laws (fund 02413)
    - 11.1% for enforcement of the off-highway vehicle (OHV) registration decal (fund 02115)
    - 16.7% for enforcement of OHV recreational use (fund 02239)
    - 48.3% to the State Parks fund (fund 02411)
  - 0.10% which is distributed as follows:
    - 50% for snowmobile enforcement (fund 02414)
    - 50% for use in the development, maintenance, and operation of snowmobile facilities (fund 02332)
  - 0.16% to improve, operate, or maintain boating facilities (fund 02273).
30. The below table shows the reduction in revenue to FWP resulting from SB 327:

|                                   | <u>FY2026</u>  | <u>FY2027</u>  | <u>FY2028</u>  | <u>FY2029</u>  |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Revenue reduction to General Fund | (\$27,484,191) | (\$55,424,897) | (\$55,927,128) | (\$56,400,004) |

**Section 15-1-122(2)c(i), MCA:**

| Reduction to FWP (0.46%) | (\$126,427) | (\$254,955) | (\$257,265) | (\$259,440) |
|--------------------------|-------------|-------------|-------------|-------------|
| 4.8% to fund 02331       | (\$6,069)   | (\$12,238)  | (\$12,349)  | (\$12,453)  |
| 19.1% to fund 02413      | (\$24,148)  | (\$48,696)  | (\$49,138)  | (\$49,553)  |
| 11.1% to fund 02115      | (\$14,033)  | (\$28,300)  | (\$28,556)  | (\$28,798)  |
| 16.7% to fund 02239      | (\$21,113)  | (\$42,577)  | (\$42,963)  | (\$43,326)  |
| 48.3% to fund 02411      | (\$61,064)  | (\$123,143) | (\$124,259) | (\$125,310) |

**Section 15-1-122(2)c(ii), MCA:**

| Reduction to FWP (0.10%) | (\$27,484) | (\$55,425) | (\$55,927) | (\$56,400) |
|--------------------------|------------|------------|------------|------------|
| 50% to fund 02414        | (\$13,742) | (\$27,712) | (\$27,964) | (\$28,200) |
| 50% to fund 02332        | (\$13,742) | (\$27,712) | (\$27,964) | (\$28,200) |

**Section 15-1-122(2)c(iii), MCA:**

| Reduction to FWP (0.16%) | (\$43,975) | (\$88,680) | (\$89,483) | (\$90,240) |
|--------------------------|------------|------------|------------|------------|
| fund 02273               | (\$43,975) | (\$88,680) | (\$89,483) | (\$90,240) |

|                               |                    |                    |                    |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Total Reduction to FWP</b> | <b>(\$197,886)</b> | <b>(\$399,059)</b> | <b>(\$402,675)</b> | <b>(\$406,080)</b> |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|

**Fiscal Analysis Table****Department of Fish, Wildlife, and Parks**



|  | <u>FY 2026<br/>Difference</u> | <u>FY 2027<br/>Difference</u> | <u>FY 2028<br/>Difference</u> | <u>FY 2029<br/>Difference</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b><u>Fiscal Impact</u></b>  |                               |                               |                               |                               |
| <b><u>Expenditures</u></b>   |                               |                               |                               |                               |
| <b><u>Funding of Expenditures</u></b>  |                               |                               |                               |                               |
| <b><u>Revenues</u></b>   |                               |                               |                               |                               |
| State Special Revenue (02)   | <u>(\$197,886)</u>            | <u>(\$399,059)</u>            | <u>(\$402,675)</u>            | <u>(\$406,080)</u>            |
| <b>TOTAL Revenues</b>  | <u><u>(\$197,886)</u></u>     | <u><u>(\$399,059)</u></u>     | <u><u>(\$402,675)</u></u>     | <u><u>(\$406,080)</u></u>     |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b> |                               |                               |                               |                               |
| State Special Revenue (02)   | <u>(\$197,886)</u>            | <u>(\$399,059)</u>            | <u>(\$402,675)</u>            | <u>(\$406,080)</u>            |

**Department of Justice**

|  | <u>FY 2026<br/>Difference</u> | <u>FY 2027<br/>Difference</u> | <u>FY 2028<br/>Difference</u> | <u>FY 2029<br/>Difference</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b><u>Fiscal Impact</u></b>  |                               |                               |                               |                               |
| <b><u>Expenditures</u></b>   |                               |                               |                               |                               |
| Personal Services  | \$1,500                       | \$0                           | \$0                           | \$0                           |
| Operating Expenses   | \$60,000                      | \$0                           | \$0                           | \$0                           |
| Transfers  | <u>\$14,365</u>               | <u>\$28,409</u>               | <u>\$25,225</u>               | <u>\$22,482</u>               |
| <b>TOTAL Expenditures</b>  | <u><u>\$75,865</u></u>        | <u><u>\$28,409</u></u>        | <u><u>\$25,225</u></u>        | <u><u>\$22,482</u></u>        |
| <b><u>Funding of Expenditures</u></b>  |                               |                               |                               |                               |
| General Fund (01)  | \$38,965                      | \$28,409                      | \$25,225                      | \$22,482                      |
| State Special Revenue (02)   | <u>\$36,900</u>               | <u>\$0</u>                    | <u>\$0</u>                    | <u>\$0</u>                    |
| <b>TOTAL Funding of Expenditures</b>   | <u><u>\$75,865</u></u>        | <u><u>\$28,409</u></u>        | <u><u>\$25,225</u></u>        | <u><u>\$22,482</u></u>        |
| <b><u>Revenues</u></b>   |                               |                               |                               |                               |
| General Fund (01)  | (\$27,484,191)                | (\$55,424,897)                | (\$55,927,128)                | (\$56,400,004)                |
| State Special Revenue (02)   | <u>(\$824,526)</u>            | <u>(\$1,662,747)</u>          | <u>(\$1,677,814)</u>          | <u>(\$1,692,000)</u>          |
| <b>TOTAL Revenues</b>  | <u><u>(\$28,308,717)</u></u>  | <u><u>(\$57,087,644)</u></u>  | <u><u>(\$57,604,942)</u></u>  | <u><u>(\$58,092,004)</u></u>  |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b> |                               |                               |                               |                               |
| General Fund (01)  | (\$27,523,156)                | (\$55,453,306)                | (\$55,952,353)                | (\$56,422,486)                |
| State Special Revenue (02)   | <u>(\$861,426)</u>            | <u>(\$1,662,747)</u>          | <u>(\$1,677,814)</u>          | <u>(\$1,692,000)</u>          |

**Department of Transportation**

|  | <u>FY 2026<br/>Difference</u> | <u>FY 2027<br/>Difference</u> | <u>FY 2028<br/>Difference</u> | <u>FY 2029<br/>Difference</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b><u>Fiscal Impact</u></b>  |                               |                               |                               |                               |
| <b><u>Expenditures</u></b>   |                               |                               |                               |                               |
| <b><u>Funding of Expenditures</u></b>  |                               |                               |                               |                               |
| <b><u>Revenues</u></b>   |                               |                               |                               |                               |
| State Special Revenue (02)   | <u>(\$24,037)</u>             | <u>(\$24,037)</u>             | <u>(\$24,037)</u>             | <u>(\$24,037)</u>             |
| <b>TOTAL Revenues</b>  | <u><u>(\$24,037)</u></u>      | <u><u>(\$24,037)</u></u>      | <u><u>(\$24,037)</u></u>      | <u><u>(\$24,037)</u></u>      |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b> |                               |                               |                               |                               |
| State Special Revenue (02)   | <u>(\$24,037)</u>             | <u>(\$24,037)</u>             | <u>(\$24,037)</u>             | <u>(\$24,037)</u>             |

**STATEWIDE SUMMARY**

|  | <u>FY 2026<br/>Difference</u> | <u>FY 2027<br/>Difference</u> | <u>FY 2028<br/>Difference</u> | <u>FY 2029<br/>Difference</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b><u>Fiscal Impact</u></b>  |                               |                               |                               |                               |
| TOTAL Fiscal Impact  | <u>0.00</u>                   | <u>0.00</u>                   | <u>0.00</u>                   | <u>0.00</u>                   |
| <b><u>Expenditures</u></b>   |                               |                               |                               |                               |
| Personal Services  | \$1,500                       | \$0                           | \$0                           | \$0                           |
| Operating Expenses   | \$60,000                      | \$0                           | \$0                           | \$0                           |
| Transfers  | \$14,365                      | \$28,409                      | \$25,225                      | \$22,482                      |
| TOTAL Expenditures   | <u>\$75,865</u>               | <u>\$28,409</u>               | <u>\$25,225</u>               | <u>\$22,482</u>               |
| <b><u>Funding of Expenditures</u></b>  |                               |                               |                               |                               |
| General Fund (01)  | \$38,965                      | \$28,409                      | \$25,225                      | \$22,482                      |
| State Special Revenue (02)   | \$36,900                      | \$0                           | \$0                           | \$0                           |
| TOTAL Funding of Expenditures  | <u>\$75,865</u>               | <u>\$28,409</u>               | <u>\$25,225</u>               | <u>\$22,482</u>               |
| <b><u>Revenues</u></b>   |                               |                               |                               |                               |
| General Fund (01)  | (\$27,484,191)                | (\$55,424,897)                | (\$55,927,128)                | (\$56,400,004)                |
| State Special Revenue (02)   | (\$1,046,449)                 | (\$2,085,843)                 | (\$2,104,526)                 | (\$2,122,117)                 |
| TOTAL Revenues   | <u>(\$28,530,640)</u>         | <u>(\$57,510,740)</u>         | <u>(\$58,031,654)</u>         | <u>(\$58,522,121)</u>         |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b> |                               |                               |                               |                               |
| General Fund (01)  | (\$27,523,156)                | (\$55,453,306)                | (\$55,952,353)                | (\$56,422,486)                |
| State Special Revenue (02)   | <u>(\$1,083,349)</u>          | <u>(\$2,085,843)</u>          | <u>(\$2,104,526)</u>          | <u>(\$2,122,117)</u>          |

**Effect on County or Other Local Revenues or Expenditures****Department of Revenue**

1. The motor vehicle fee reductions provided for in SB 327 may reduce the growth of the Entitlement Share payments to local governments.
2. SB 327, as amended, set a minimum Entitlement Share growth factor of 2.4% for FY 2028, FY 2029, and FY 2030. This minimum growth factor is likely to be the prevailing growth rate in FY 2028 and FY 2029.

NO SPONSOR SIGNATURE

4/3

Sponsor's Initials

Date



Budget Director's Initials

4/3/2025

Date