

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

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FISCAL IMPACT STATEMENT

LS 8049

BILL NUMBER: SB 439

DATE PREPARED: Jan 17, 2001

BILL AMENDED:

SUBJECT: Bureau of Motor Vehicles License Branch Fund.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill abolishes the State License Branch Fund. It requires the collections from motor vehicle transaction service charges and from certain Boat Excise Tax collections to be deposited in the Motor Vehicle Highway Account. The bill requires the funds in the Motor Vehicle Highway Account to be used to pay the expenses incurred in administering license branches. It requires the funds that remain in the State License Branch Fund on December 31, 2001, to be transferred to the Motor Vehicle Highway Account.

Effective Date: January 1, 2002.

Explanation of State Expenditures: This bill will abolish the State License Branch Fund (SLBF) from which the Bureau of Motor Vehicles Commission (BMVC) operates the state's 167 license branches. The funds in the SLBF (as of December 31, 2001) and all fees previously deposited into the SLBF are to be deposited into the Motor Vehicle Highway Account (MVHA). The proposal also requires that revenues from the Boat Excise Tax are to be deposited into the MVHA (1999 revenue was \$7.6 M statewide). All operations of the state license branches will now be funded from the MVHA.

Background: The Bureau of Motor Vehicles Commission (BMVC) has operated the state's license branches since 1986. In every year thereafter, the BMVC has operated at a deficit and required augmentation (loans) from the Motor Vehicle Highway Account (MVHA) to balance the BMVC books. The amount of loans outstanding as of June 30, 2000, totaled \$54.5 M. This does not include approximately \$1.011 M from the State Board of Finance and an appropriation from the General Assembly. No loans have ever been repaid. (On June 30, 2000, approximately \$6.6 M was loaned from the Motor Vehicle Highway Account to the BMVC. Augmentation has averaged about \$6.9 M per year over the last five years.)

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding the use of Boat Excise Tax revenue in the funding of license branch operations.

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill requires revenue from the Boat Excise Tax to be deposited in the MVHA for use in funding the operations of the state license branches. (Currently, this money is distributed to the taxing units of a county based on the tax situs of each boat. The money allocated to the taxing units is apportioned and distributed among the funds of the taxing units in the same manner and at the same time that property taxes are distributed.) In 1999, all 92 counties had boats registered, and revenue from the Boat Excise Tax amounted to \$7.6 M statewide. Revenue has averaged about \$6.8 M per year over the last five years.

On the other hand, entities receiving distributions from the MVHA will benefit from the use of the Boat Excise Tax revenues in the funding of the state license branches. Entities receiving distributions from the MVHA are counties (which receive 32% of the net remaining to be distributed), cities and towns (15%), and the Indiana Department of Transportation (53%). These entities should receive additional distributions equal in the aggregate to the amount of Boat Excise Tax revenue that will now be devoted to license branch operations.

State Agencies Affected: Bureau of Motor Vehicles; Department of Transportation.

Local Agencies Affected: Potentially recipients of Motor Vehicle Highway Account distributions, which include cities, towns, and counties; counties with boats registered in their county.

Information Sources: Bureau of Motor Vehicles Budget presentation; Bureau of Motor Vehicles Commission data; Motor Vehicle Highway Account distributions; Dan Bastin, Settlement Deputy of the State Auditor's office, 232-3309.