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**FISCAL IMPACT STATEMENT**

**LS 6868**

**BILL NUMBER: SB 298**

**NOTE PREPARED: Feb 20, 2004**

**BILL AMENDED: Feb 19, 2004**

**SUBJECT: Agricultural Equipment.**

**FIRST AUTHOR: Sen. Jackman**

**FIRST SPONSOR: Rep. Chowning**

**BILL STATUS: CR Adopted - 2<sup>nd</sup> House**

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
X FEDERAL**

**IMPACT: State**

**Summary of Legislation: (Amended) This bill:**

(1) Provides that an implement of agriculture and a farm tractor manufactured after June 30, 2005, must be fitted with equipment that meets certain national standards when operated on a highway. It requires the Criminal Justice Institute to adopt rules for the design of a slow moving vehicle emblem.

(2) Changes the defined term "implement of husbandry" to "implement of agriculture" for purposes of the motor vehicle code, and requires the Bureau of Motor Vehicles (BMV) to determine categories of implements of agriculture by rule.

(2) Redefines the term "farm tractor" for purposes of the motor vehicle code.

(2) Defines special machinery and sets a fee for registration. Provides that certain motor vehicles may be operated and registered as farm trucks, farm trailers, or farm semitrailers and tractors if not used for certain commercial enterprises.

(3) Makes it a Class C infraction (and a Class B infraction for a second offense within three years) to operate or own a farm truck, farm trailer, or farm semitrailer and tractor if the vehicle is used for certain commercial enterprises.

(4) Requires the BMV to adopt rules to identify and define "farm truck", "farm trailer", and "farm semitrailer and tractor".

(5) Prohibits a law enforcement officer from impounding certain farm products when a vehicle is discovered in violation of registration requirements and removes the penalty against an officer for a reckless violation

of this provision.

(6) Revises the exclusion of certain garden tractors from the application of the Waste Tire Management Fund fee.

(7) Repeals the definitions of "farm machinery", "farm tractor used in transportation", and "special farm machinery", and repeals references to those terms within the motor vehicle code.

(8) Deletes an obsolete reference to a financing statement for a farm tractor.

(9) Repeals the license fee for certain vehicles used in farming operations.

(10) Makes conforming amendments.

**Effective Date:** July 1, 2004.

**Summary of Net State Impact:** Based on CY 2003 registration data for the truck weight involved, there will be a net revenue gain of approximately \$376,850 per year.

**Explanation of State Expenditures:** (Revised) (1) The Criminal Justice Institute currently has rule-making authority. The provisions of this proposal can be accomplished with no additional expenditures.

(2) This part removes one category of farm truck plates: those trucks with a declared gross weight of 11,000 lbs. The new farm truck designation will begin with trucks with a declared gross weight of 16,000 lbs. or more. For the BMV, there likely will be computer programming changes required and changes to truck registration manuals. These costs are expected to be minimal. The fund affected is the MVHA which supports the BMV.

**Explanation of State Revenues:** (Revised) (2) Trucks plated as farm trucks pay 50% of the fee associated with a particular weight class. In CY 2003, the 13,400 farm trucks in the 11,000 lbs. category paid a total of \$572,850 in registration fees. With the elimination of the 11,000 lbs. farm truck plate, these trucks will now pay an additional \$572,850 in registration fees. The fund affected is the MVHA.

(3) *Penalty Provision:* The bill provides for a Class C infraction for the first offense and a Class B infraction for the second offense. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class C infraction is \$500, and \$1,000 for a Class B infraction, both of which are deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

(6) *Lawn and Garden Tractors:* The bill changes the horsepower requirement for a lawn and garden tractor from 20 horsepower to 25 horsepower for imposition of the Waste Tire Management Fund fee. With this change, fewer new tires purchased will be subject to the \$0.25 fee. The fund affected is the Waste Tire Management Fund. The reduction in revenue attributable to lawn and garden tractors between 20 and 25 horsepower is not known

(7) *Implements of Agriculture:* The bill removes the classification of "farm machinery" and replaces it with the classification of "implements of agriculture". The thrust of the new registration mechanism is to plate

only those vehicles which can and are driven on the highways and to not require the plating of those vehicles which are used entirely in the field. Based on the CY 2003 registration of 11,683 such vehicles and a registration fee of \$16.75, there could be a loss of annual revenue of approximately \$196,000. The bill provides that the BMV is to draft rules to determine whether a category of implement of agriculture was designed to be operated primarily in a farm field or farm premises or on a highway. The specific amount of revenue will depend upon the actual number of vehicles so registered and the rules adopted by BMV. The fund affected is the MVHA.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) (3) *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:** Bureau of Motor Vehicles; State Police; Department of Environmental Management.

**Local Agencies Affected:** Recipients of MVHA distributions.

**Information Sources:** Jane Morrical, Director of Treasury, Bureau of Motor Vehicles, 317- 232-2822; Jean Spears, Director of Excise Tax Collections for the BMV, 317 232-2861; Cress Hizer, CEO of the Indiana Plant Food and Agricultural Chemicals Association, (IPFACA), 317 684-5437; BMV Cash Audit for 2003; Wendy Hoffspiegel, Department of Environmental Management, 317-233-3835.

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