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FISCAL IMPACT STATEMENT

LS 6637
BILL NUMBER: HB 1047

NOTE PREPARED: Jan 14, 2015
BILL AMENDED:

SUBJECT: Mini-Trucks.

FIRST AUTHOR: Rep. Wolkins
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- (1) Authorizes the use of mini-trucks on Indiana roads.
- (2) Requires a mini-truck that is operated on an Indiana road to be titled and registered.
- (3) Prohibits the operation of a mini-truck on an interstate highway.
- (4) Requires a dealer of mini-trucks to register as a dealer.
- (5) Makes conforming amendments.

Effective Date: Upon passage; July 1, 2015.

Explanation of State Expenditures: *Summary:* This bill could increase the workload of the Secretary of State (SOS) and the Department of Local Government Finance (DLGF). This bill will increase the workload of the Bureau of Motor Vehicles (BMV). Increases in workload are expected to be absorbed with existing resource and funding levels.

Additional Information:

BMV: This bill will increase BMV workload to register mini-trucks. Increases in workload are expected to be offset by the collection of registration fees.

SOS: The bill classifies merchants who sell mini-trucks as dealers and requires them to register with the SOS. The SOS's current level of staff and resources should be sufficient to implement the provisions of the bill.

It is assumed that dealers who are currently selling mini-trucks are already registered with the SOS as a dealer for another vehicle type and the incidence of a mini-truck specialized dealer is low.

DLGF: The DLGF would review, and adjust as necessary, the true tax value of mini-trucks as determined by the BMV for excise tax purposes.

Explanation of State Revenues: *Summary:* This bill could increase revenue the SOS receives from mini-truck dealer licensing fees and for additional dealer license plate fees. The bill will also increase revenue the BMV receives from registration fees paid by mini-truck owners. Total increases in revenue are indeterminable.

Additional Information:

Dealer Licensing: The bill requires merchants selling mini-trucks to register with the SOS and pay the associated licensing fees. Merchants selling mini-trucks along with other road vehicles will already be registered with the SOS. The new registrants will be those merchants who just sell mini-trucks. The licensed dealers will also have to acquire dealer plates as needed. This will result in an indeterminable increase in state revenue.

The annual dealer license fee is \$30. License fees are distributed in the following manner: 30% to the Dealer Compliance Account, 40% to the Motor Vehicle Highway Account, 20% to the Indiana State Police, and 10% to the Office of the Attorney General.

The fee for the first two dealer plates is the total of the \$40 statutory fee and a \$5 service charge. The fee for each additional plate is the total of the \$15 statutory fee and a \$5 service charge. The statutory dealer plate fees are distributed in the following manner: 30% to the Dealer Compliance Account and 70% to the Motor Vehicle Highway Account. The service charges are deposited into the Crossroads 2000 Fund.

BMV Registration: Under the bill, mini-trucks must be registered with the BMV. It is assumed mini-trucks will pay the same registration fees as trucks with a maximum declared weight of 7,000 lbs. The number of mini-trucks that would be required to register are unknown, but for every additional registration, state revenue will increase to the accounts in amounts illustrated in the following table.

Fund Distribution	Distribution Amount
Motor Vehicle Highway Account	\$15.25
Spinal Cord and Brain Injury Fund	\$0.30
Anti-Terrorism Programs	\$1.25
Crossroads 2000 Fund	\$4.30
Public Safety Fund	\$0.25
Primary Road and Street Fund	\$1.93
Local Road and Street Fund	\$1.57
BMV Technology Fund	\$0.50
BMV Commission Fund	\$5.00
Total Registration Fee	\$30.35

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* This bill will likely increase revenue to the Motor Vehicle Highway Account and result in additional funds available for distribution to local units. The bill could also result in an overall increase in local revenues from the Motor Vehicle Excise Tax (MVET) and the Excise Surtax. The total increase in local revenue is indeterminable.

Additional Information:

Excise Tax and Property Tax: Under current law, mini-trucks used for a business purpose are subject to property tax assessment. Registration of these trucks under this bill will, instead, make them subject to the MVET and in adopting counties, Surtax.

There is no adjustment to property tax levies in the bill so most of the property taxes paid on mini-trucks will be shifted to other taxpayers. Levy reductions will occur only in rate-controlled funds such as cumulative funds. Revenue generated from the MVET and Surtax will be distributed to the same taxing units that currently receive property tax from these vehicles. The net revenue impact depends on the number and location of mini-trucks that are registered under this bill.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Local civil taxing units and school corporations.

Information Sources:

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