

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6736**

**BILL NUMBER:** HB 1356

**NOTE PREPARED:** Mar 18, 2021

**BILL AMENDED:** Mar 18, 2021

**SUBJECT:** Permanent Trailer Registration.

**FIRST AUTHOR:** Rep. Wesco

**FIRST SPONSOR:** Sen. Doriot

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

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

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill defines "permanent registration" for purposes of motor vehicles. It provides that the owner of a trailer that weighs 3,000 pounds or less may apply to the Bureau of Motor Vehicles (BMV) for a permanent registration for a fee of \$82. The bill also requires the owner of a trailer that applies to the BMV for a permanent registration to pay twice the amount of the surtax otherwise due when the owner obtains a permanent registration. It provides that the owner of a trailer that obtains a permanent registration is not subject to additional surtax payments.

**Effective Date:** July 1, 2021.

**Explanation of State Expenditures:** This bill will require BMV computer systems to be changed to allow for a new registration type effective during FY 2022. Changes in workload are within the routine administrative function of the agency and any potential increases in agency expenditures are expected to be minimal and provided from the BMV Commission Fund.

**Explanation of State Revenues:** (Revised) *Summary* - This bill is expected to increase revenue to the State Highway Fund (by way of the Motor Vehicle Highway Account) in FY 2022 to the extent individuals select the permanent trailer registration created by the bill. It is estimated that by 2037, the State Highway Fund will experience net revenue losses from trailer registration fees.

Beginning in FY 2023, the bill is also expected to result in minor revenue losses to the following funds; State Construction Fund, BMV Technology Fund, Highway Road and Street Fund, Crossroads 2000 Fund, Integrated Public Safety Communication Fund, and BMV Commission Fund.

Additional Information - The BMV reports there are 424,000 trailers with weights up to 3,000 lbs registered with the state. It is unknown how many of these trailers will request a permanent registration with the BMV.

The price for an annual registration of a trailer is \$16.35 and as proposed, the permanent registration fee is \$82. The distribution of revenue from these fees varies only by increasing the distribution to the Motor Vehicle Highway Account (MVHA) by \$65.65 per permanent trailer registration in the first year in which a lifetime registration is requested.

In each succeeding year after a permanent registration has been paid, the State Construction Fund, BMV Technology Fund, Highway Road and Street Fund, Crossroads 2000 Fund, Integrated Public Safety Communication Fund, and BMV Commission Fund lose a total of \$12 per registration that was converted from an annual registration to a permanent. The MVHA will begin losing revenue from lifetime trailer registrations approximately 15 years after an annual registration is converted to permanent.

For every 1,000 individuals who select a permanent trailer registration in the first year it is offered who otherwise would have paid for an annual trailer registration, the MVHA will receive approximately \$65,400 in additional revenue beginning in FY 2022 and will experience its first revenue loss from permanent trailer registrations in FY 2037. The MVHA will receive additional revenue to the extent additional trailer owners select a permanent registration in years after the new registration type is first offered.

Beginning in FY 2023, for every 1,000 individuals who select a permanent trailer registration, the following table shows the bill’s impact on other funds that receive a distribution of trailer registration fees.

<b>Distribution Fund</b>	<b>Fee</b>	<b>Revenue Loss starting in FY 2023 for every 1,000 trailer lifetime registrations</b>
State Construction Fund	\$0.25	(\$250)
BMV Technology Fund	\$0.50	(\$500)
Highway Road and Street Fund	\$2.90	(\$2,900)
Crossroads 2000 Fund	\$4.00	(\$4,000)
Integrated Public Safety Communication Fund	\$1.25	(\$1,250)
BMV Commission Fund	\$3.10	(\$3,100)
<b>Total</b>	<b>\$12.00</b>	<b>(\$12,000)</b>

Changes in revenue amounts to the Highway Road and Street Fund as well as the MVHA will impact distributions to the State Highway Fund as well as local units of government. The State Highway Fund (the main funding source for the Indiana Department of Transportation) receives 62% of the revenue deposited in the MVHA and 63% of the revenue deposited in the Highway Road and Street Account.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Changes in revenue amounts to the Highway Road and Street Fund and

the MVHA will impact distributions to local units of government. Local units of government receive 38% of the revenue deposited in the MVHA and 37% of the revenue deposited in the Highway Road and Street Account.

(Revised) *Excise Tax Collections*: To the extent individuals request a permanent trailer registration, county and municipal excise tax revenue collections would increase in the first year of the registration, but counties and municipalities would experience net revenue losses at earliest during CY 2024. The bill's total impact on local revenue is indeterminable.

The BMV reports excise tax will still be collected annually on permanent trailers. For CY 2019, a total of 422,200 trailers with a maximum weight of 3,000 lbs registered with the BMV and remitted a total of \$3.4 M in county excise tax and \$0.3 M in municipal excise tax. The total number of annually registered trailers that would shift to a permanent trailer registration as well as the number of unregistered trailers that would be registered as a permanent trailer registration are currently unknown.

**State Agencies Affected:** BMV; INDOT.

**Local Agencies Affected:** Recipients of MVHA and Highway Road and Street funding.

**Information Sources:** Matt Organ, BMV; Tamytha Cooper, BMV.

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