

HF4372 - 0 - 60-Day Temporary Vehicle Permit

Chief Author: **Michael Nelson**
 Committee: **Transportation Finance**
 Date Completed: **3/7/2024 9:05:43 AM**
 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Restrict Misc. Special Revenue	-	-	800	800	800	
Total	-	-	800	800	800	800
Biennial Total			800			1,600

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/7/2024 9:05:43 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Restrict Misc. Special Revenue	-	-	800	800	800	800
Total	-	-	800	800	800	800
Biennial Total			800		1,600	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Restrict Misc. Special Revenue						
Expenditures	-	-	16	-	-	-
Absorbed Costs	-	-	(16)	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-		-	
2 - Revenues, Transfers In*						
Restrict Misc. Special Revenue						
Restrict Misc. Special Revenue	-	-	(800)	(800)	(800)	(800)
Total	-	-	(800)	(800)	(800)	(800)
Biennial Total			(800)		(1,600)	

Bill Description

This bill modifies the length of temporary permits issued on new dealer sales and extends the time allowed for a dealer to register and pay applicable taxes without a late fee penalty.

Assumptions

Assume the temporary vehicle permits issued by a registrar to a dealer for the sale of a new or used motor vehicle will now be valid for 60 calendar days instead of 21 calendar days.

Assume the time frame a dealer has to mail or deliver an application for title for the sale of a new or used motor vehicle with applicable taxes and fees is extended from 10 business days to 30 calendar days.

Assume that late transfer fees will still be collected on applications filed more than 30 calendar days from the date of sale and on private sales where a dealer is not involved.

Assume that dealer filing habits continue to stay the same with regards to how long it takes them to submit applications for title with applicable taxes and fees.

Assume that for applications filed within 30 days of sale, that approximately 28% of those sales were filed after 10 business days in FY2023.

Assume 80 hours of MNDRIVE programming by FAST Enterprises to configure the system for these changes. Assume an hourly rate of \$200 for a total programming cost of \$16,000 (80 programming hours x \$200 per hour = \$16,000). Assume programming costs to be absorbed under the current maintenance and support contract with FAST Enterprises out of the Driver and Vehicle Services Technology Account, at no additional cost to DVS.

Assume that late transfer fees collected are deposited into the Driver and Vehicle Services Operating Account.

Assume that approximately 1.4 million applications for title were filed within 30 days of sale in FY2023. Further assume that approximately 400,000 of those applications were filed more than 10 business days but less than 30 days from the date of sale; or approximately 28.5% of sales filed within 30 days of sale for FY2023.

Approximately \$843,000 in late transfer fees were collected in FY2023. Approximately \$800,000 was collected for title applications filed more than 10 business days but less than 30 days from the date of sale; or approximately 94.9% of total late fees for FY2023. ($\$843,000 \times 0.949 = \$800,000$).

Assume these changes result in a loss of \$800,000 to the Driver and Vehicle Services Operating Account in FY25 and beyond.

Expenditure and/or Revenue Formula

FY25

Expenditures

Driver and Vehicle Services Technology Account Expenditures

2 weeks programming x \$8,000 per week = \$16,000 (absorbed)

FY25 and Beyond

Revenue

Driver and Vehicle Services Operating Account

400,000 transactions filed late x \$2 per transaction = (\$800,000)

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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