

FISCAL NOTE

	FY 2027	FY 2028	FY 2029
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue (decrease)			
PUBLIC SCHOOL FOUNDATION PROGRAM ACCOUNT	(\$35,700,000)	(\$37,300,000)	(\$40,200,000)
COUNTY REGISTRATION FEES	(\$26,600,000)	(\$27,700,000)	(\$29,800,000)

Source of revenue (decrease):

This bill decreases the county vehicle registration fees. Current law multiplies a percentage of a vehicle's factory price plus special equipment value for certain years of service by three percent. The percentage multiplied to a vehicle's factory price plus special equipment value decreases according to the years of vehicle service until the sixth year, after which the percentage remains constant at 15 percent. This bill decreases the percentage by one-third, from 15 percent to 10 percent, for a vehicle in its 7th year of service, and by two-thirds, from 15 percent to 5 percent, for a vehicle in its 8th year of service, or later. The estimated decrease in county vehicle registration fees to counties and local entities, and the Public School Foundation Program Account (SFP), including school districts, are provided in the above table. Vehicle registration fees are distributed to counties, local entities, school districts, and the SFP in the same manner as property tax revenues.

The SFP will experience a revenue decrease from the county vehicle registration fees supporting K-12 public education. For purposes of this analysis, the decrease in county vehicle registration fee revenues to the SFP is shown as an absolute revenue decrease in lieu of estimating separate impacts for the SFP revenue decrease in the form of school district recapture payments and the SFP expenditure increase in the form of school district entitlement payments.

Assumptions:

Based on fiscal year (FY 2025) county vehicle registration fees totaling \$193,244,251, the total reduction in county vehicle registration fees is estimated to be \$62,300,000 in FY 2027, \$65,000,000 in FY 2028, \$70,000,000 in FY 2029. Using the FY 2025 collections and distributions, the reduction in vehicle registration fees for FY 2026, FY 2027, and FY 2028 are estimated to be split as follows: 57.4 percent of the reduction appears as a revenue decrease to the SFP, which is inclusive of the amounts to school districts (\$35,700,000, \$37,300,000, and \$40,200,000 in FY 2027, FY 2028, and FY 2029, respectively), and 42.6 percent of the reduction appears as a revenue decrease to counties and local entities (\$26,600,000, \$27,700,000, and \$29,800,000 in FY 2027, FY 2028, and FY 2029, respectively).

This bill may require the Legislature to appropriate additional funds from the SFP for increased entitlement payments to ensure sufficient funding is available to offset the reduction in revenue generated by the county vehicle registration fees.

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