

**H. 877 – TRANSPORTATION FUNDING BILL OVERVIEW**  
**House Passed with Senate Finance and Appropriations Amendments**

(Prepared by Legislative Council & JFO on 5-3-2016)

**TOTAL NEW FY17 REVENUE: \$11,134,154**

**Total new FY17 Transportation Fund revenue: 10,041,473**

**AGENCY OF TRANSPORTATION**

**Sec. 1-4**

Total new FY17 revenue: \$1,192,082

Transportation Fund: \$892,325

TIB Fund: \$73,375; Education Fund: \$195,000; Special Funds: \$31,386

**Sec. 1-3. Fuel Shrinkage Allowance; Diesel Tax; Gasoline Tax**

These sections will adjust the current 1% shrinkage or evaporation allowance to 0.5% for diesel and gasoline distributors who pay tax on the quantity of fuel purchased, instead of the quantity sold.

Special Funds. The reduction in the shrinkage allowances will generate new revenue, a portion of which will continue to be allocated to certain special funds.

- Diesel fuel tax: TIB Fund and Petroleum Clean-Up Fund.
- Gasoline tax: TIB Fund, Petroleum Clean-Up Fund, Fish and Wildlife Fund, Department of Forests, Parks and Recreation for natural resource management, and DUI Enforcement Fund.

**Sec. 1a-3a. Fuel Shrinkage Allowance; Diesel Tax; Gasoline Tax**

These sections will eliminate the 0.5% shrinkage or evaporation allowance for diesel and gasoline distributors that will be in effect starting in FY 2017. Starting in FY 2018, no percentage of shrinkage or evaporation will be exempted from diesel and gasoline taxes.

Special Funds. The removal of the shrinkage allowances will generate new revenue, a portion of which will continue to be allocated to certain special funds.

- Diesel fuel tax: TIB Fund and Petroleum Clean-Up Fund.
- Gasoline tax: TIB Fund, Petroleum Clean-Up Fund, Fish and Wildlife Fund, Department of Forests, Parks and Recreation for natural resource management, and DUI Enforcement Fund.

**Sec. 4. Motor Vehicle Purchase and Use Tax; Cap**

This section will increase the cap on the purchase and use tax owed on heavy vehicles, which is the alternative to calculating the purchase and use tax as 6% of the taxable cost of the motor vehicle.

This section will also limit eligibility for paying the cap instead of the 6% purchase and use tax to only those heavy vehicles used primarily for commercial or trade purposes.

Education Fund. The increase in the cap on the purchase and use tax owed on heavy vehicles will generate new revenue, a portion of which will continue to be allocated to the Education Fund.

## **AOT- DEPARTMENT OF MOTOR VEHICLES**

### **Sec. 5-57**

Total new FY17 revenue: \$9,942,072

Transportation Fund: \$9,149,148

Special Funds: \$792,919

### Sec. 5-7. Enhanced Operator's License; Miscellaneous Transactions; Nondriver IDs

Sec. 5 will increase the fee for an enhanced driver's license. Sec. 6 will increase the fee for miscellaneous transactions carried out by the Department of Motor Vehicles. Sec. 7 will increase the fees for nondriver identification cards, including initial application, renewal due every four years, and replacement cards.

### Sec. 8-10. Special Number Plates

These sections will increase fees for certain number plates: vanity, special plates for safety or service organizations, previous issues, conservation, and bright futures plates.

Special Funds. The increase in fees for specific number plates will generate new revenue, a portion of which will continue to be allocated to certain special funds.

- Conservation plates: Nongame Wildlife Account and Watershed Management Account
- Building bright futures: Bright Futures Fund.

### Sec. 11-14. Registration; Certificates; Reinstatement; Ownership Transfer Fees

Sec. 11 will increase duplicate and correction registration certificates fees.

Sec. 12 will create a new \$80.00 fee for ending the revocation of a registration, or for reinstating a suspended registration.

Sections 13 and 14 will increase fees for transferring ownership of registered motor vehicles, and for the annual and biennial registration fees for motor vehicles.

### Sec. 14a. Registration; Plug-in Electric Hybrid Vehicles; Electric Vehicles

Electric vehicles will no longer be subject to the same registration fees as pleasure cars. Both electric and plug-in hybrid vehicles will instead pay separate registration fees.

### Sec. 15. Judiciary; Deposit; Pleasure Car Registration Fee Revenue; FY17

This section mandates the Treasurer in fiscal year 2017 to deposit \$55,320.00 of the revenue from pleasure car registration fees into the Court Technology Special Fund, before depositing the remaining fee revenue into the Transportation Fund.

### Sec. 16-25. Registration of Vehicles

Sections 16 to 24 will increase the annual registration fees for: motorcycles, motor-driven cycles, all-surface vehicles, tractors, truck-tractors, motor trucks, trailers, semi-trailers, motor buses including those used in local transit or public

transportation, exhibition vehicles, State vehicles, municipal vehicles, fire department vehicles, and rescue organization vehicles.

Sec. 25 will increase diesel car registration fees to the same amount as other pleasure car registration fees.

Sec. 26-28. Dealers; Registration; Temporary Number Plates; Sale of Vehicle to Go Out of State

Sec. 26 will increase the application fees for registration as a dealer in new or used cars, in motor trucks, farm tractors or other self-propelled farm implement, or in motorized highway building equipment and road making appliances, or as a dealer who sells or exchanges only motorcycles or motor-driven cycles, or only trailers, semi-trailers, or trailer coaches. Sec. 26 will also increase the fee for additional dealer number plates. Sec. 27 will increase the fee for each temporary plate issued to a dealer at the time a registration certificate is issued.

Sec. 28 will increase the processing fee for an in-transit registration permit issued after the sale by a dealer of a vehicle to go out of State.

Sec. 29. Motor Vehicle Warranty Fee

This section will increase the warranty fee on the registration of new motor vehicles.

Sec. 30. Transporter's Registration

This section will increase the annual fee for transporters' registration certificates, number plates, and validation stickers.

Sec. 31. Replacement Plates

This section will increase the fee for a replacement number plate due to loss.

Sec. 32-33. Sale by a Person Other than Dealer of Vehicles to Go Out of State or to Remain in State

These sections will adjust fees relating to sales of vehicles by non-dealers. Sec. 32 will increase the processing fee for an in-transit registration permit issued after the sale by a person other than a dealer of a vehicle to go out of State.

Sec. 33 will create a new permit and \$6.00 fee for an intrastate in-transit registration permit issued after the sale by a person other than a dealer of a vehicle to remain in State.

Sec. 34-36. Operator's Licensed; Motorcycle Endorsements

Sec. 34 will increase the fees for two-year and four-year operator's licenses and privilege cards, including junior operator's licenses and privilege cards. Sec. 34 will also increase the additional yearly fee for motorcycle endorsements. Sections 35 and 36 will increase the fees for duplicate and corrected licenses, and the initial application, renewal, and duplicate fees for a motorcycle learner's permit.

Sec. 37. Learner's Permit and Examination Fees

This section will increase the fees for a learner's permit examination, an operator's license examination, and a motorcycle skill test. It will create a new scheduling fee of \$24.00, which is either applied toward the license exam fee if the applicant appears for the exam, or is forfeited if the applicant fails to provide 48 hours' notice of cancellation.

Sec. 38. Reinstatement of Suspension or Revocation of License

This section will increase the fee for the termination or reinstatement of a suspended or revoked license.

Sec. 39-40. Driver Training School and Instructor Licenses

These sections will increase the application, approval, renewal, and duplicate license fees for driver's training school licenses and driver instructor's licenses.

Sec. 41. Vehicle Inspection Certificate

This section will increase the fee for vehicle inspection certificates.

Sec. 42-43. Gross Weight Limits on Highways; Oversize Permits

Sec. 42 will increase the special annual permit fees for the operation of heavy vehicles on State highways, based on a vehicle's weight, type, and axles. Sec. 43 will increase the permit fees for the operation of a traction engine, tractor, trailer, motor truck, or other motor vehicle that exceeds the weight, width, indivisible overlength, and height limits for State highways.

Sec. 44-45. Motor Vehicle Titling and Liens; Transfer of Vehicle to Surviving Spouse

Sec. 44 will increase the fees for motor vehicle title and lien certificates and searches of records.

Sec. 45 eliminates the fee for registering and titling a vehicle in the name of a surviving spouse when ownership of and title to that vehicle pass automatically by act of law.

Sec. 46-48. Snowmobiles; Registration; Dealer Plates; Antiques

Sec. 46 will increase the fee for a person who has transferred ownership of a registered snowmobile to another, to then register another snowmobile in their name for the remainder of the registration year without being required to pay an additional registration fee. Sec. 47 will increase fees for annual and temporary snowmobile registration by residents and nonresidents, and the fee for duplicate registration certificates. Sec. 47 will also increase fees for initial and additional snowmobile dealer registration certificates. Sec. 48 will increase the one-time registration fee for snowmobiles that are at least 25 years old, and are used exclusively in exhibitions, parades, and public functions.

Special Funds. The increase in snowmobile registration fees will generate new revenue, all of which will be allocated to the Vermont Association of Snow Travelers (VAST).

Sec. 49-50. Motorboat Registration; Allocation of Fees

Sec. 49 combines the annual and biennial motorboat registration fees and surcharges into one global fee for each class of motorboat. It increases the duplicate motorboat registration fee, and eliminates the allocation of \$5.00 from each fee to the Transportation Fund. Sec. 49 combines the dealer motorboat registration fees and surcharges into one global fee for each type of application. It also increases the fee for a person who has transferred ownership of a registered motorboat to another, to then register another motorboat in their name for the remainder of the registration year without being required to pay an additional registration fee. Lastly, Sec. 49 increases the dealer fee for temporary motorboat registration.

Special Funds. Sec. 50 adjusts the percentage allocation of motorboat registration fees to various State agencies and departments to account for the inclusion of surcharges in the fee for each class of motorboat. Those include: the Department of Public Safety, the Department of Fish and Wildlife, the Department of Environmental Conservation, and the Agency of Agriculture, Food and Markets. It creates a new percentage allocation of motorboat fees to the Department of Environmental Conservation for the purpose of the Aquatic Nuisance Control Grant Program to account for the elimination of the surcharges, which were previously allocated in their entirety to this program. Sec. 50 creates a new percentage allocation of motorboat fees to the Transportation Fund to account for the elimination of the allocation of \$5.00 from each fee to the Transportation Fund.

#### Sec. 51-53. All-Terrain Vehicle Registration; Vessel, Snowmobile, and All-Terrain Vehicle Titling and Liens

Sec. 51 will increase the fee for a person who has transferred ownership of a registered all-terrain vehicle (ATV) to another person, to then register another ATV in their name for the remainder of the registration year without being required to pay an additional registration fee. Sec. 52 will increase fees for ATVs, including: duplicate registration certificates, the first and additional registration and registration certificates, and the temporary number plate fees for ATV manufacturers. Sec. 53 will increase the fees for vessel, snowmobile, and ATV title and lien certificates and searches of records.

Special Funds. The increase in all-terrain vehicle registration fees will generate new revenue, a portion of which will continue to be allocated to Agency of Natural Resources for use by the Vermont All-Terrain Vehicles Sportsman's Association (VASA).

#### Sec. 54-55. Commercial Driver Licenses and Learner's Permits; Skill & Knowledge Tests

Sec. 54 will divide the tests and fees for commercial driver licenses and commercial learner's permits into two separate categories: knowledge tests and skills tests. Each test would be subject to a \$32.00 fee. This section will increase the fees for an endorsement test and for scheduling a skills test. It will modify the use of the scheduling fee, so that it will be either applied to the test fee if the

applicant appears for the test, or forfeited if the applicant fails to provide 48 hours' notice of cancellation.

Sec. 55 will increase the two-year and four-year fees for a commercial driver license, the fees for a commercial learner's permit, and the fees for duplicate commercial driver licenses and learner's permits.

Sec. 56. Motor Vehicle Annual Emission Fee

This section will increase the annual motor vehicle emission ("clean air") fee.

Special Funds. The increase in the clean air fee will generate new revenue to be allocated to the Environmental Permit Fund.

Sec. 57. State Highway Access Permits

This section will create five new State Highway access permit fees: nothing for residential or agricultural purposes; \$100.00 for utility installations; \$250.00 for minor commercial development; \$2,500.00 for major commercial development; and \$500.00 for annual blanket permits for routine inspection and maintenance of existing utility installations.

**REPORT AND EFFECTIVE DATES**

Sec. 36a. Anatomical Gift; Operators' License' Report

This section directs the DMV to report to the House Committee on Ways and Means, the Senate Committee on Finance, and the House and Senate Committees on Transportation on the number of persons who have authorized an organ donation on the forms provided by the DMV for licenses and nondriver ID cards. The DMV is required to propose a revenue-neutral means of implementing a discount on license and nondriver ID card fees for persons who authorize an organ donation.

Sec. 58. Effective Dates

Sections 1, 2, and 3, which reduce the diesel fuel and gas shrinkage allowance from 1% to 0.5%, will take effect on June 1, 2016.

Sections 1a, 2a, and 3a, which eliminate the diesel fuel and gas shrinkage allowance altogether, will take effect on June 1, 2017.

Section 14a, which creates new registration fees for hybrid and all-electric vehicles, will take effect on July 1, 2017.

The other sections will take effect on July 1, 2016.

<b>H.877: Transportation Funding Bill Summary</b>		
	<i>Joint Fiscal Office</i>	
	<i>4/26/2016</i>	
	<b>T-Fund Revenues Only</b>	
	House-passed New Revenue	10,528,468
	<b>Senate changes from House</b>	
	Shrinkage at 1/2% in FY17	(507,410)
	Corrections to original DMV figures	(89,433)
	Vanity Plates (\$50 to \$48)	(55,174)
	Removal of P&U cap for non-commercial or non-trade vehicles	165,000
	Misc. minor adjustments	22
1	<b>Senate total new T-Fund revenue</b>	<b>10,041,473</b>
	<b>Costs</b>	
2	FY17 Judiciary Deposit (H.571 <sup>1</sup> )	(55,320)
	<b>Net New T-Fund (1 - 2)</b>	<b>9,986,153</b>
	<b>Other New Revenues</b>	
	Education Fund (P&U tax change)	195,000
	TIB Fund	73,376
	Environmental Permit Fund (clean air fee)	615,000
	Special Funds- Motorboat fee allocations	129,332
	Special Funds- Diesel/Gasoline Shrinkage	31,386
	Special Funds- Other	22,818
	VASA (through ANR)(non-State)	25,769
3	<b>Total Other New Revenues</b>	<b>1,092,681</b>
	<b>Total T-Funding Bill (1 + 3)</b>	<b>11,134,154</b>
	<sup>1</sup> "H.571 – An Act Relating to Driver's License Suspensions, Driving with a Suspended License, and DUI Penalties"	