

**REVENUE IMPACT OF
PROPOSED LEGISLATION
Seventy-Sixth Oregon Legislative
Assembly 2011 Regular Session
Legislative Revenue Office**

Bill Number:	HB 2238 - A
Revenue Area:	Vehicle Registration
Economist:	Mazen Malik
Date:	5/24/2011
	Revised 2

Measure Description:

Permits small woodland owner to register vehicle as farm vehicle.

Revenue Impact:

\$4.24 million each biennium in revenue reduction to the highway fund.

Impact Explanation:

Trucks that are titled in Oregon and used for a certified farm operation pay a registration fee that is lower than the registration fee for commercial motor vehicles in the same weight class.

The measure would allow a small woodland owner to register a vehicle with a farm plate registration if vehicle has a loaded weight of 26,000 pounds or less (up from the existing 16,000 pounds). The weighted average of the reduction in registration fees is \$411.81 per year. There are 39,000 woodland owners, however, 26,000 of them own more than at least 10 acres. A forestry study finds about 26% to 29% are engaged in activities that will qualify for the registration fee reduction, and about 7.2% to 7.4% are already in the farming business. This leaves an average of 19.9% or 5144 owners eligible for this tax reduction. This comes to about half the number of farm vehicles in the same weight classes. The Impact estimate involves multiplying the number of eligible owners by the fee reduction, which yields \$2.12 million a year. This category is not expected to grow, and it has a cyclical trend consistent with the registration cycle. Thus the smoother sum or the biennial estimate is more relevant than the annual number.

Farm plate vehicles of all weight groups pay fuel tax, and Commercial vehicles registered for 26,000 pounds or less also pay fuel tax. The highway cost allocation and equity shares of this class of vehicle might be affected by the change in payments.

Creates, Extends, or Expands Tax Expenditure: Yes No

This measure expands the tax expenditure that is given to agricultural vehicles by allowing that same expenditure type to woodland lot owners. This will be about 50% expansion of the current expenditure.