

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1520

As Engrossed: 3/1/2013

Bill Subtitle: TO AUTHORIZE THE USE OF FORMER MILITARY VEHICLES AS SPECIAL INTEREST VEHICLES AND MODERNIZE THE LAW RELATED TO SPECIAL INTEREST VEHICLES.

Basic Change :

Representative Hammer

With the bill as originally written, there would have been additional costs to program the current motor vehicle system. With the 3/1/13 Engrossment, the effective date will be January 1, 2014 that will allow programming to be completed with development of the new system, eliminating additional programming cost. The 3/1/13 Engrossment did not change the following basic changes in the bill as originally written:

- The bill adds a new vehicle type under the antique vehicle law, "Former Military Vehicle" and defines antique vehicles under current law, and Former Military Vehicles as Special Interest Vehicles.
- Former military vehicles are to be operated for "non-business purposes". Non business purposes means not used in commerce and not subject to the International Fuel Tax Agreement as administered by DFA.
- Under the bill, the requirements for registration of a Former Military Vehicle are documents from a government liquidator or a Government Services Administrator. Such documents include an invoice, bill of sale, or the U.S. Government release form SF 97. Requirements for registration of an imported vehicle, are documents sufficient to establish the vehicle was manufactured for use in the military are required; however the bill does not identify such documents.
- The Department is required to design the Former Military Plate in consultation with former military vehicle owners. The bill provides that a personalized license plate may be issued for Former Military Vehicles in accordance with requirements for issuance of personalized plates under current law. The bill provides that the fee for a former military vehicle shall not exceed twenty dollars (\$20.00). A Former Military Vehicle license plate is subject to renewal.
- The bill provides that a Former Military Vehicle shall not be titled and registered unless the vehicle is eligible for registration without regard to its status as a Former Military Vehicle.
- The bill provides that the owner or operator of a Former Military Vehicle is exempt from the requirement to hold a commercial driver's license when operating a Former Military Vehicle.

Under current law if the office determines the owner is in violation of the permissible uses of antique license plated the office shall seize the plate and the owner fined one hundred dollars (\$100). This provision is repealed and replaced with a provision of a fine of two hundred dollars (\$200) if a person pleads nolo contendere to, or is found guilty of a violation regarding antique license plates and Former Military Vehicle license plates.

Revenue Impact :

Potential revenue loss to the Highway and Transportation Department if Former Military Vehicles are currently registered as commercial vehicles at a required fee exceeding twenty dollars (\$20.00), depending on how many vehicles are eligible for the reduced fee under the bill.

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Taxpayer Impact :

Owners of Former Military Vehicles as defined in the bill could title and register such vehicles at a fee not to exceed twenty dollars (\$20.00).

Resources Required :

No additional resources required with the 3/1/13 Engrossment.

Time Required :

Adequate time is provided.

Procedural Changes :

Programming for the new plate. Revise Motor Vehicle Procedures Manual and distribute revisions to Revenue Offices.

Other Comments :

The 3/1/13 Engrossment did not change the following additional comments in the bill as originally written:

There is a technical error on page 10, line 4 of the bill. There is a reference to a new section 27-51-2211, which should be 27-15-2211.

The bill sets out an exemption to the commercial driver's license requirement. The commercial driver's license law cited on page 9, lines 33 through 36 was changed by Federal law in 2011. Changes were made in the definition of commercial motor vehicle (CMV) listed in the Code of Federal Regulations. DFA will propose in the 2013 session to update state law to comply with the new federal definition listed below. Failure to change the state law may result in the loss of federal highway funds. The lost revenues for the first year would be approximately \$17,000,000 and \$34,000,000 in the second year. Per the federal definition below, the vehicle could be classified as a commercial motor vehicle, therefore the state cannot exempt the driver from holding a commercial driver license.

In addition, one section of the bill states that a Former Military Vehicle may not be used in commerce, however, another section of the bill (Page 6, line 22) permits hauling passengers for hire, which establishes "in commerce" use. Also, the bill prohibits hauling material that weighs more than one thousand pounds (1,000 lbs), however hauling material under 1,000 pounds also meets the federal definition of "in commerce". The former military vehicle may be classified as a commercial motor vehicle under the new federal definition and would then be subject to enforcement by the Federal Motor Vehicle Safety Administration and the Arkansas Highway Police if they do not meet the federal requirements for driver qualifications, hours of service, maintenance and inspection, etc.

The new federal definition of Commercial Motor Vehicle is listed below:

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Commercial Motor Vehicle (CMV) means a motor vehicle or combination of motor vehicles used in commerce to transport passengers or property if the motor vehicle has a gross combination weight rating or gross combination weight of 11,794 kilograms or more (26,001 pounds or more), **whichever is greater** inclusive of a towed unit(s) with a gross vehicle weight rating or gross vehicle weight or more than 4,536 kilograms (10,000), **whichever is greater**; or has a gross vehicle weight rating or gross vehicle weight of 11,794 or more kilograms (26,001 pounds or more), **whichever is greater**; or

1. Is designed to transport 16 or more passengers, including the driver; or

2. Is of any size and is used in the transportation of hazardous materials as defined in this section.

Another problem may exist if the military vehicle is one that does not have rubber (pneumatic) tires as is currently required by law. There are some former military vehicles that are tracked vehicles (no tires). There is no formal organization defined for approval of the Former Military Vehicle Special plate other than "in consultation with former military vehicle owners". Since no organized group is defined it will be difficult for the Department to finalize plate design should there be varying requests or opinions for plate design.

Legal Analysis :

Engrossed HB 1520 includes the amendment that added an effective date of January 1, 2014.