

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

HB 1736 – SB 1913

March 12, 2014

SUMMARY OF ORIGINAL BILL: Urges the Department of Revenue to study the issuance of specialty license plates in bordering states. The findings of the study would be presented to the Senate Transportation and Safety Committee and the House Transportation Committee by January 15, 2015.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (013560): Deletes all language after the enacting clause. Makes numerous changes to existing cultural and memorial military license plates. Such changes include shifting certain plates from memorial to cultural type plates and changing the number of free plates provided to certain classes of plate holders. Establishes an annual verification process for recipients of certain military related cultural and memorial plates.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On March 11, 2014, a fiscal memorandum was issued for this bill with the following estimated fiscal impact:

Decrease State Revenue – Net Impact -

\$3,500/One-Time/Arts Commission

\$900/One-Time/Highway Fund

\$72,700/Recurring/Arts Commission

\$18,200/Recurring/Highway Fund

Increase State Expenditures – \$87,300/One-Time/Department of Revenue

Based upon additional information provided by the Department of Revenue, the fiscal impact is estimated to be:

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(CORRECTED)

Decrease State Revenue – Net Impact -

\$59,900/Recurring/Arts Commission

\$15,000/Recurring/Highway Fund

Corrected assumptions for the bill as amended:

- Impacted types of plates include Air Medal (Valor), Air Medal (Meritorious), Bronze Star (Valor), Bronze Star (Meritorious), Silver Star, Distinguished Flying Cross, Distinguished Service Cross, Navy Cross, Air Force Cross, Medal of Honor, POW, and Disabled Veteran.
- Both motorcycle and automobile plates for the plate types above are impacted.
- 10 license plate classes are impacted by the bill and 40 types of plates will need to be manufactured.
- Two new types of license plate decals, Surviving Spouse and Surviving Spouse (POW/Purple Heart) will be established.
- Certain types of plates that were eligible for two free plates under current law will now be eligible for one free plate and the second plate will be issued for the cost of the regular registration fee plus half of the cost of production.
- It is assumed that annual verification requirements will result in approximately eight percent of certain plate holders being found ineligible resulting in an increase in state revenue due to additional registration fees collected.
- The fiscal impact for this bill as amended is derived from numerous calculations based upon the assumptions provided. These calculations have been omitted from the fiscal memorandum for the purpose of brevity. However, the calculations used for determining the fiscal impact are on file with the Fiscal Review Committee staff and can be provided upon request.
- The net recurring decrease in state revenue is estimated to be \$74,887.
- License plate fee revenue is apportioned 80 percent to the Arts Commission and 20 percent to the Highway Fund.
- The recurring decrease in state revenue to the Arts Commission will be \$59,910 ($\$74,887 \times 80\%$); to the Highway Fund will be \$14,977 ($\$74,887 \times 20\%$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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