

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2411 – SB 2331

March 16, 2016

**SUMMARY OF ORIGINAL BILL:** Requires the Department of Revenue to submit a report by February 1, 2017, and by February 1 of subsequent years, to the Chairs of the Transportation Committee of the House of Representatives and the Transportation and Safety Committee of the Senate identifying the collegiate plates that are currently administratively issued and the collegiate plates that, within the previous five years, have been administratively issued by the Department and are no longer administratively issued and have been deemed obsolete and invalid. Authorizes the report to be submitted electronically.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (014238):** Deletes all language of the original bill. Authorizes a nonprofit organization to obtain a special purpose license plate, in lieu of registering the vehicle, for the following purposes: to transport the vehicle between a prior or subsequent owner and the organization; to transport the vehicle between the organization and a location where cleaning, repairing, or preparation is performed; or to test the vehicle within a 20-mile radius of the location where the cleaning, repairing, or preparation is performed. Imposes a fee of \$47.30 for the first plate and \$23.65 for each additional plate. Limits a nonprofit religious organization to a maximum of three plates each year. Establishes the effective date of July 1, 2016.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue – Exceeds \$40,100/Recurring**

**Increase State Expenditures – \$39,800/One-Time**

Assumptions for the bill as amended:

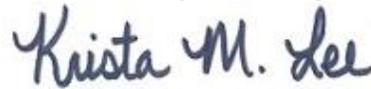
- Based on IRS data, it is estimated that there are approximately 24,800 nonprofit organizations that would qualify to obtain the special purpose license plate under this bill as amended. However, approximately 17,000 of those reported zero income on the most recent Form 990 series return filed by such organizations.

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- It is assumed that on average at least five percent of the organization with some reported income, or 390  $[(24,800 - 17,000) \times 5.0\%]$  will purchase three plates each year, for a total of 1,170 plates  $(390 \times 3)$ . The total annual number of first plates purchased will exceed 390; the total number of second and third plates purchased will exceed 780  $(390 \times 2)$ .
- In addition to the base fees of \$47.30 for the first plate and \$23.65 for the second and third plates, there are additional fees for reflectors, issuance, and systems totaling \$2.75 per plate. The total fees are estimated to be \$50.05  $(\$47.30 + \$2.75)$  for the first plate and \$26.40  $(\$23.65 + \$2.75)$  for the second and third plates.
- The recurring increase in state revenue to the General Fund is estimated to exceed \$40,112  $[(390 \text{ plates} \times \$50.05) + (780 \text{ plates} \times \$26.40)]$ .
- The Department of Revenue will produce an inventory of plates, sufficient to cover eight years of estimated demand. The total initial production is estimated to be 9,360  $(8 \text{ years} \times 1,170 \text{ plates per year})$ .
- The cost of production and distribution of such plates is estimated to be \$4.25 per plate, for a total one-time increase in state expenditures from the General Fund of \$39,780  $(9,360 \text{ plates} \times \$4.25)$ .

**CERTIFICATION:**

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



Krista M. Lee, Executive Director

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