

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1474 – HB 1524

April 1, 2016

SUMMARY OF ORIGINAL BILL: Requires the Commissioner of the Department of Revenue to report the status of the computerized titling and registration system to the Transportation and Safety Committee of the Senate and Transportation Committee of the House of Representatives, by March 15 of each year, rather than March 1 of each year.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (014977): Deletes all language after the enacting clause and rewrites the bill with the following sections:

Sections 1 and 2 create a new specialty earmarked license plate for the Veterans of Foreign Wars of the United States (VFW).

Sections 3 and 4 create a new specialty earmarked license plate for The Fairgrounds Nashville.

Sections 5 and 6 create a new specialty earmarked license plate for the Dollywood Foundation.

Sections 7 and 8 create a new specialty earmarked license plate for the Eastern Star.

Sections 9, 10, 11, and 12 reflect a name change from the Harpeth River Watershed Association specialty earmarked license plate to the Protecting Rivers and Clean Water specialty earmarked license plate. Allocations for net proceeds from the sale of such plates will remain the same.

Sections 13 and 14 create a new specialty earmarked license plate for the Pat Summitt Foundation.

Sections 15 and 16 create a new specialty earmarked license plate for Historic Whitehaven.

Sections 17 and 18 create a new specialty earmarked license plate for BE NICE.

Sections 19 and 20 create a new specialty earmarked license plate for Prostate Cancer Awareness.

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Sections 21 and 22 create a new specialty earmarked license plate for The Fallen Police and Firefighters.

Sections 23 and 24 create a new specialty earmarked license plate for the Justin P. Wilson Cumberland Trail State Scenic Trail State Park.

Sections 25 and 26 create a new specialty earmarked license plate for Fallen Linemen.

Sections 27 and 28 create a new specialty earmarked license plate for the Nashville Parks Foundation.

Sections 29 and 30 create a new specialty earmarked license plate for the Tennessee School Nutrition Association.

Sections 31 and 32 create a new specialty earmarked license plate for Down Syndrome Awareness.

Sections 33, 34, and 35 reflect a name change from Vanderbilt Children's Hospital specialty earmarked license plate to the Monroe Carell Jr. Children's Hospital at Vanderbilt specialty earmarked license plate. Allocations for net proceeds from the sale of such plates will remain the same.

Sections 36 and 37 create a new specialty earmarked license plate for Drug Abuse Resistance Education (D.A.R.E.).

Section 38 extends until July 1, 2017, the timeframe for the new specialty earmarked license plate for the Make-A-Wish Foundation to meet the issuance requirement of 1,000 plates.

Section 39 extends until July 1, 2017, the new specialty earmarked license plate for Tennessee Tech University to meet the issuance requirement of 1,000 plates.

Section 40 extends until July 1, 2017, the new specialty earmarked license plate for Historic Collierville to meet the issuance requirement of 1,000 plates.

Section 41 extends until July 1, 2017, the new specialty earmarked license plate for Ohio State University to meet the issuance requirement of 1,000 plates; requires the design of the plate to be approved by the Ohio State University prior to production, and shall additionally afford the trademark protection as the Ohio State University shall require as otherwise permitted by law; and specifies the Ohio State University specialty earmarked plates authorized or issued as it existed prior to the effective date of this act, shall be included jointly in any determinations for initial issuance.

Section 42 extends until July 1, 2017, the new specialty earmarked license plate for the *Friends of Sycamore Shoals Historic Area, Inc.* to meet the issuance requirement of 1,000 plates.

Section 43 extends until July 1, 2017, the new specialty earmarked license plate for the *Rotary International* to meet the issuance requirement of 1,000 plates.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue –

\$93,500/General Fund/FY16-17

\$338,200/Specialty Plate Organizations/FY16-17

\$270,600/Tennessee Arts Commission/FY16-17

\$67,700/Highway Fund/FY16-17

\$385,000/Specialty Plate Organizations/FY17-18 and Subsequent Years

\$308,000/Tennessee Arts Commission/FY17-18 and Subsequent Years

\$77,000/Highway Fund/FY17-18 and Subsequent Years

Increase State Expenditures - \$93,500/General Fund/FY16-17

Assumptions for the bill as amended:

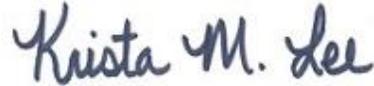
- Pursuant to Tenn. Code Ann. § 55-4-201(h)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid with the exception of the Support the State Guard specialty earmarked license plate.
- One-time production costs of \$4.25 per license plate resulting in one-time expenditures of \$4,250 (1,000 x \$4.25).
- The Harpeth River Watershed Association specialty earmarked license plate already reflects *Protecting Rivers and Clean Waters*; therefore, no additional cost will be incurred by the Department of Revenue.
- It is assumed there will be an additional 22 license plates issued (15 new specialty earmarked license plates, 1 name change, and 6 time extensions granted for issuance). The increase in state expenditures in FY16-17 for the production of all specialty earmarked license plates is estimated to be \$93,500 (\$4,250 x 22).
- The price for each specialty earmarked plate is \$35 resulting in revenue of \$35,000 (1,000 plates at \$35 each). The total increase in revenue generated by all license plates is \$770,000 (\$35,000 x 22 additional license plates).
- Net proceeds from the sale of new specialty marked license plates will be allocated as follows: 50 percent to the specialty plate organization; 40 percent to the Tennessee Arts Commission; and 10 percent to the state Highway Fund.
- For FY16-17, the increase in revenue to the General Fund is \$93,500; the increase in revenue to the specialty plate organizations is \$338,250 [(\$770,000 - \$93,500) x 50%]; the increase in revenue to the Tennessee Arts Commission is \$270,600 [(\$770,000 -

\$93,500) x 40%]; and the increase in revenue to the state Highway Fund is \$67,650 [(\$770,000 - \$93,500) x 10%].

- For FY17-18 and subsequent years, the increase in revenue to the specialty plate organizations is \$385,000 (\$770,000 x 50%); the increase in revenue to the Tennessee Arts Commission is \$308,000 (\$770,000 x 40%); and the increase in revenue to the state Highway Fund is \$77,000 (\$770,000 x 10%).

CERTIFICATION:

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



Krista M. Lee, Executive Director

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