

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 268 – SB 270

March 27, 2017

SUMMARY OF ORIGINAL BILL: Exempts active volunteer firefighters and active volunteer members of a local rescue squad from the regular registration fee for any vehicle owned or used by such individuals, and from the registration fee upon renewal of a firefighter or rescue squad special purpose license plate.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue – \$611,700/Highway Fund
\$12,500/General Fund

SUMMARY OF AMENDMENT (005633): Deletes and rewrites the bill such that the only substantive change is to establish that the exemption applies to motor vehicle privilege taxes on all additional fees, in addition to the regular registration or renewal fees.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Revenue – \$611,700/Highway Fund
\$189,500/General Fund

Decrease Local Revenue – Exceeds \$1,685,600

Assumptions for the bill as amended:

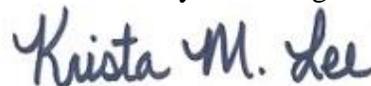
- Eligible volunteer firefighters and rescue squad members will be exempt from the following fees: regular registration fees of \$18.75 for motor vehicles and \$11.75 for motorcycles, 98 percent of which are allocated to the Highway Fund and 2 percent of which are designated to the General Fund; \$2.75 additional fees for the computerized system reflectorization and police pay supplement, all of which are designated as General Fund for the purposes of this fiscal analysis, \$2.50 in other miscellaneous state fees, all of which are designated as General Fund for the purposes of this fiscal analysis, and local fees including mailing fees, wheel taxes, issuance fees, and others.
- It is estimated that currently 59 counties impose the county motor vehicle wheel taxes ranging from \$10 to \$110, with 36 counties with rates of at least \$40. It is assumed that

the aggregate amount of all local fees that will not be imposed upon registrations or renewals pursuant to this bill as amended will exceed \$50 per motor vehicle.

- The Department of Revenue reports that, as of February 1, 2017, there were 25,714 motor vehicles registered with a firefighter or rescue squad license plate; 24,851 of such registrations were for motor vehicles or trucks, and 863 registrations were for motorcycles.
- Based on information published by the United States Fire Administration, 87.4 percent of all firefighters are registered as volunteer firefighters. Therefore, it is estimated that 22,474 (25,714 x 84.7%) firefighters and rescue squad members eligible will be eligible for the proposed registration fee exemption. Of this number, 21,720 are estimated to be motor vehicle registrations and 754 are estimated to be motorcycle registrations.
- The recurring decrease in state revenue from regular registration fees is estimated to be \$416,110 [(21,720 x \$18.75) + (754 x \$11.75)].
- It is assumed that half of all eligible volunteer firefighters and rescue squad member will register a second vehicle free of charge as authorized by this bill as amended. The recurring decrease in state revenue associated with such registrations is estimated to be \$208,055 (\$416,110 x 50%).
- The total recurring decrease in state revenue from regular registration fees is estimated to be \$624,165 (\$416,110 + \$208,055).
- Ninety eight percent of such decrease, or \$611,682, will be to the Highway Fund and the remaining two percent, or \$12,483, will be to the General Fund.
- The recurring decrease in state revenue to the General Fund from all other fees is estimated to be \$176,983 {[(21,720 + 754) x \$5.25] + [(21,720 + 754) x 50%] x \$5.25}.
- The total recurring decrease in state revenue to the General Fund is estimated to be \$189,466 (\$12,483 + \$176,983).
- The recurring decrease in local revenue is estimated to exceed \$1,685,550 {[(21,720 + 754) x \$50] + [(21,720 + 754) x 50%] x \$50}.
- Any increase in revenue to the state or local government as a result of fee savings being spent in the economy on sales-taxable goods and services is estimated to be not significant.
- Any increase in state or local expenditures to effectuate the requirements of this bill as amended are estimated to be not significant.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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