

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 564 - SB 1332

March 6, 2017

SUMMARY OF BILL: Authorizes a county governing body levying a motor vehicle privilege tax pursuant to Tenn. Code Ann. § 5-8-102 or by private act, by a two-thirds vote at two consecutive, regularly held meetings or by approval of the majority of voters in an election, to discount the tax by 50 percent for active members of the national guard or United States armed forces and members of a reserve component of the armed forces or national guard upon the issuance of a special decal, stamp, or device. Authorizes the county clerk to charge a fee for the initial issuance of the special decal, stamp, or other device in an amount sufficient to defray the costs of implementing such discount.

ESTIMATED FISCAL IMPACT:

Decrease Local Revenue – Exceeds \$4,200/Permissive

Assumptions:

- Any action taken by a county governing body to consider a 50 percent discount in motor vehicle privilege tax for eligible military and National Guard members is permissive.
- There are approximately 26,400 active duty military and National Guard members across the state, or an average of 278 per county (26,400 members/ 95 counties).
- Fifty-nine counties levy a motor vehicle privilege tax, of which 36 counties have rates of \$40 or higher. A \$40 motor vehicle privilege tax is assumed for this analysis.
- Assuming at least one county will approve to decrease the motor vehicle privilege tax for active duty personnel by 50 percent and assuming at least 75 percent of eligible military and national guard members in the county will apply and receive the discount, the permissive recurring decrease in local revenue is estimated exceed \$4,170 (278 members x \$40 fee x 75.0% x 50.0%).
- Any costs incurred to implement such a program are estimated to be offset by a fee charged by the county clerk for the program. Any implementation impact is estimated to be not significant.

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CERTIFICATION:

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

Handwritten signature of Krista M. Lee in cursive script.

Krista M. Lee, Executive Director

/amj