

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 263 - SB 283**

February 16, 2019

**SUMMARY OF BILL:** Removes current restriction on antique motor vehicles which limits their driving to weekends and federal holidays and establishes that such vehicles may be driven anytime, but not more than 5,000 miles annually.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$356,200/FY19-20/Highway Fund  
\$7,300/FY19-20/General Fund**

**Decrease State Revenue - \$1,215,200/FY20-21 and Subsequent Years/Highway Fund  
\$231,500/FY20-21 and Subsequent Years/General Fund  
\$17,300/FY20-21 and Subsequent Years/  
Department of Environment and Conservation**

**Decrease Local Revenue - \$1,664,900/FY20-21 and Subsequent Years**

Assumptions:

*Motor Vehicle Registrations:*

- Pursuant to Tenn. Code Ann. § 55-4-111(b)(1), an antique motor vehicle is defined as a motor vehicle over 25 years old with a nonmodified engine and body that is used:
  - For participation in, or transportation from, club activities, exhibits, tours, parades, and similar uses as a collector's item;
  - On the highways for the purpose of selling, testing the operation of, or obtaining repairs to or maintenance on such vehicle; and
  - For general transportation on Saturdays, Sundays, and federal holidays.
- According to the Department of Revenue (DOR), there are currently 154,265 passenger vehicles and 7,071 motorcycles currently registered as antique vehicles.
- According to the DOR, there are currently 263,503 passenger vehicles and 12,857 motorcycles older than 25 years old with a standard registration license plate.
- For purposes of this fiscal note, the number of passenger vehicles and motorcycles older than 25 years old with standard registration license plates is assumed to remain constant under current law.
- Standard registration license plates cost \$26.50 for automobiles and \$19.50 for motorcycles.

- Registration for an antique vehicle costs \$32.75; however, pursuant to Tenn. Code Ann. § 55-4-111(b)(2), the registration is only one-time, requiring no annual renewal of registration nor any additional renewal fees.
- The Highway Patrol was questioned regarding the enforceability of the 5,000 annual mileage limit proposed within the legislation.
- The Highway Patrol determined that the mileage limit only acts as a deterrent and would rely mostly on an honor system.
- It is assumed that approximately 20 percent of all passenger vehicles and motorcycles over 25 years old with standard registration license plates will be incentivized to purchase an antique registration instead of standard registration.
- In FY19-20, 52,701 passenger vehicles (263,503 x 20%) and 2,571 motorcycles (12,857 x 20%) will purchase antique registration plates rather than standard registration plates.
- An antique registration is \$6.25 (\$32.75 – \$26.50) more expensive than a passenger vehicle registration and \$13.25 (\$32.75 – \$19.50) more expensive than a motorcycle registration. Based on various statutory allocations of motor vehicle registration fees relative to antique vehicle registrations, it is estimated that 98 percent of such increase will be deposited to the Highway Fund and 2 percent will be allocated to the General Fund.
- An increase in state revenue in FY19-20 of \$363,447 [(52,701 passenger vehicles x \$6.25) + (2,571 motorcycles x \$13.25)], of which \$356,178 (\$363,447 x 98%) represents an increase to the Highway Fund; and \$7,269 (\$363,447 x 2%) represents an increase to the General Fund.
- Based on various statutory allocations of standard motor vehicle registration fees, it is estimated that approximately 84 percent of total registration fee collections is allocated to the Highway Fund and 16 percent is allocated to the General Fund. The General Fund allocation includes any vehicle registration fees that are earmarked for the Police Pay Supplement Fund, titling and registration system, and reflectorization of registration plates.
- A recurring decrease in state revenue in FY20-21 and subsequent years of \$1,446,712 [(52,701 passenger vehicles x \$26.50) + (2,571 motorcycles x \$19.50)], of which \$1,215,238 (\$1,446,712 x 84%) represents a decrease to the Highway Fund; and \$231,474 (\$1,446,712 x 16%) represents a decrease to the General Fund.

*Inspection and Maintenance (I/M) Program:*

- Pursuant to rule 1200-03-29-.04 of the Department of Environment and Conservation (TDEC), antique motor vehicles and motorcycles are exempt from motor vehicle inspection requirements under the I/M Program.
- Currently, Davidson, Hamilton, Rutherford, Sumner, Williamson, and Wilson counties have I/M Programs. Davidson County contracts with a vendor to perform vehicle inspections, while the other counties contract with TDEC who then contracts with a vendor.
- It is assumed that I/M Programs will remain in all six counties in the foreseeable future.
- Motor vehicle owners that, as a direct result of this legislation, purchase an antique registration instead of a standard registration in those counties will be exempt from inspection requirements under the I/M Program.

- Under TDEC's contract, TDEC receives \$2.80 of every inspection fee. TDEC retains \$1.80 and transmits \$1.00 to the county clerks in the applicable county.
- The population of the five counties under contract with TDEC represents 18.2 percent of the total Tennessee population. It is therefore assumed that 9,592 motor vehicles (52,701 x 18.2%) will be exempt from inspection requirements beginning in FY20-21 as a result of this legislation.
- The recurring decrease in state revenue to TDEC in FY20-21 and subsequent years is estimated to be \$17,266 (9,592 x \$1.80). The recurring decrease in local revenue in FY20-21 and subsequent years is estimated to be \$9,592 (9,592 x \$1.00).
- Davidson County receives a portion of the inspection fee under its contract. Based on available information, it is assumed that Davidson County receives \$3.50 per vehicle.
- The population of Davidson County represents 10.3 percent of the total Tennessee population. It is therefore assumed that 5,428 motor vehicles (52,701 x 10.3%) will be exempt from inspection requirements beginning in FY20-21 as a result of this legislation.
- The recurring decrease in local revenue to Davidson County in FY20-21 and subsequent years is estimated to be \$18,998 (5,428 x \$3.50).

*Local Government Wheel Tax and Total Local Impact:*

- There will be a significant decrease in local revenue, beginning in FY20-21, from individuals no longer having to renew antique registration plates with their respective county clerk and thus, avoid paying the wheel tax, as applicable.
- According to the County Officials Association of Tennessee (COAT), 59 counties currently levy a wheel tax in conjunction with vehicle registration renewal.
- According to COAT, the average wheel tax is \$47.75.
- Counties levying a wheel tax accounts for approximately 62 percent (59/95) of all counties in Tennessee.
- A recurring decrease in local wheel tax revenue of approximately \$1,636,328 [62% x (52,701 + 2,571) x \$47.75] beginning in FY20-21.
- The total recurring decrease in local revenue as a result of this legislation is estimated to be approximately \$1,664,918 (\$1,636,328 + \$9,592 + \$18,998) beginning in FY20-21.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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