



February 9, 2021

**SUMMARY OF ORIGINAL BILL:** Expands the definition of a special purpose license plate to include businesses that transport boats for hire. Removes the 225-plate limitation imposed on dealers and manufacturers and specifies that a business license is not required as proof that an applicant transports boats for hire.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Revenue - \$2,600/Highway Fund/FY21-22 and Subsequent Years

Increase Local Revenue - \$300/FY21-22 and Subsequent Years

Other Fiscal Impacts - The Department of Revenue will retain approximately \$150 from the sale of every 60 license plates to compensate TRICOR for production, warehousing, and distribution costs.

**SUMMARY OF AMENDMENT (001690):** Corrects a typographical error without making any substantive changes to the legislation.

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

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 55-4-226(f)(5), the fee for the first plate is \$47.30 and the fee for any plates in addition to the first plate is \$23.65.
- There is not currently available information as to how many persons or businesses will purchase a plate. This analysis will assume at least an additional 50 first plates will be purchased beginning in FY21-22 and at least 20 percent, or 10 total, of those will purchase one additional plate.
- Pursuant to Tenn. Code Ann. § 55-6-107(a)(1), such revenue shall be apportioned by a distribution of 98 percent to the Highway Fund and 2 percent to the General Fund.

- The Department of Revenue will retain \$2.50 per license plate for a total of \$150 for 60 plates (60 plates x \$2.50), which will be paid to TRICOR in FY21-22 and subsequent years for the cost of production and warehousing.
- The total increase in state revenue is estimated to be \$2,452  $\{[(50 \times \$47.30) + (10 \times \$23.65)] - \$150\}$  in FY21-22 and subsequent years.
- The increase in state revenue to the Highway Fund is expected to be \$2,403  $(\$2,452 \times 98\%)$  in FY21-22 and subsequent years. The increase in state revenue to the General Fund is expected to be \$49  $(\$2,452 \times 2\%)$  in FY21-22 and subsequent years.
- It is reasonably assumed that no additional plates will need to be produced by TRICOR in FY21-22. In the event TRICOR has to produce additional plates in future years the actual production cost per plate is estimated to be \$1.87, resulting in net revenue to TRICOR of \$0.63 per plate.
- Pursuant to Tenn. Code Ann. § 55-4-226(c)(1), for registering the license number of boat manufacturers and dealers, the county clerk shall be entitled to a \$5.00 fee.
- The increase in local revenue is estimated to be \$300  $[(50 + 10) \times \$5.00]$  in FY21-22 and subsequent years.
- Any impact on local government expenditures to process additional applications is considered not significant.
- Removing the 225-plate limitation imposed on dealers and manufacturers is not expected to significantly increase the total special purpose license plates that are issued; therefore, there will not be a significant increase to state revenue as a result of this portion of the legislation.
- There is currently nothing in code that requires a business license as proof that an applicant transports boats for hire. Specifying this in code will not result in a significant fiscal impact to state government.

## **CERTIFICATION:**

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



Bojan Savic, Interim Executive Director

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