

Fiscal Note

BILL # HB 2384

TITLE: VLT and registration fee exemptions

SPONSOR: Blackman

STATUS: As Amended by House TRANS

PREPARED BY: Lydia Chew

REVISED

Description

HB 2384 would exempt Purple Heart medal recipients and their surviving spouses from paying the Vehicle License Tax (VLT) and registration fee.

Estimated Impact

HB 2384 would reduce VLT and registration fee revenues by \$(139,100) in FY 2021. The state's share of the lost revenues would be \$(35,000), which includes \$(28,400) from the State Highway Fund, \$(4,000) from Authorized Third Parties, \$(1,200) from the General Fund, and \$(400) from the Department of Public Safety. The remaining \$(104,100) impact would be borne by local governments.

A previous version of this fiscal note from our office stated an estimated fiscal impact of \$(524,300). This revised note reflects updated information that there are only 1,002 Purple Heart recipients, not 4,000, in Arizona.

The Department of Transportation (ADOT) has not yet provided an estimate of the bill's impact.

Analysis

Current law exempts all veterans with a disability rating of 100%, and their surviving spouses, from paying the VLT and registration fee. HB 2384 would exempt Purple Heart medal recipients and their surviving spouses from paying the VLT and registration fee.

According to the Arizona Department of Veterans' Services, there are 1,002 Purple Heart medal recipients in Arizona. Data from the U.S. Department of Veterans Affairs show that 2.9% of Arizona veterans have a disability rating of 100%. Using this estimate, we assume that 29 Purple Heart medal recipients have a disability rating of 100% and are already eligible for the VLT and registration fee exemption under current law. Therefore, we estimate that HB 2384 would exempt an additional 973 Purple Heart medal recipients from paying the VLT and registration fee. The number of surviving spouses of Purple Heart medal recipients cannot be estimated with available data. As a result, our estimate of the number of additional VLT and registration fee exemptions that would result from HB 2384 may be overstated, as not all Purple Heart medal recipients may claim the exemption, or may be understated, as it does not include surviving spouses.

Each qualifying individual may be granted a VLT exemption for 1 vehicle. We assume that these exemptions will be for passenger (Class 1) vehicles. The average VLT paid for a passenger vehicle is \$135. Therefore, if 973 qualifying individuals took advantage of this exemption, HB 2384 would decrease VLT revenues by \$(131,300).

VLT revenues are distributed to the Highway User Revenue Fund (HURF), counties, and incorporated cities and towns. HURF monies are then further divided among state and local governments.

Most vehicles have a registration fee of \$8. If 973 qualifying individuals took advantage of this exemption, HB 2384 would decrease registration fee revenues by \$(7,800). Of each \$8 registration fee, \$1 is distributed to either the State Highway Fund or an Authorized Third Party (ATP), depending on where the vehicle was registered. The remaining \$7, or a total of \$(6,800), is distributed to HURF.

(Continued)

The estimated VLT and registration fee revenue impact to each entity or fund is shown in *Table 1*.

Table 1	
VLT and Registration Fee Revenue Impact by Entity	
	<u>Revenue Impact</u>
Counties	\$(52,100)
Incorporated Cities and Towns	(52,000)
State Highway Fund	(28,400)
Authorized Third Parties (ATPs)	(4,000)
State Highway Fund or ATPs – Registration Services	(1,000)
State General Fund	(1,200)
Department of Public Safety	<u>(400)</u>
Total State Impact	\$(35,000)
Total	\$(139,100)

Local Government Impact

As shown in *Table 1* above, the revenue impact to counties is estimated to be \$(52,100); the impact to incorporated cities and towns would total \$(52,000).

2/20/20