

Fiscal Note

BILL # HB 2062

TITLE: military; purple heart; VLT exemptions

SPONSOR: Blackman

STATUS: As Amended by House TRANS

PREPARED BY: Lydia Chew

Description

HB 2062 would exempt Purple Heart medal recipients from paying the Vehicle License Tax (VLT) and registration fee for 1 vehicle.

Estimated Impact

HB 2062 would reduce VLT and registration fee revenues by \$(117,900) in FY 2023. The state's share of the lost revenues would be \$(29,200), which includes \$(27,900) from the State Highway Fund, \$(1,000) from the General Fund, and \$(300) from the Department of Public Safety. The remaining \$(88,700) impact would be borne by local governments.

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

Analysis

Current law exempts all veterans with disability ratings of 100%, and their surviving spouses, from paying the VLT and registration fee. HB 2062 would exempt Purple Heart medal recipients who were honorably discharged from the military from paying the VLT and registration fee.

According to the Arizona Department of Veterans' Services, there are 854 Purple Heart medal recipients in Arizona. Data show that 3.5% of Arizona veterans have a disability rating of 100%. Using this estimate, we assume that 30 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 2062 would exempt an additional 824 Purple Heart medal recipients from paying the VLT and registration fee.

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 824 qualifying individuals took advantage of this exemption at the average VLT level, HB 2062 would decrease VLT revenues by \$(111,300).

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 824 qualifying individuals took advantage of this exemption, HB 2062 would decrease registration fee revenues by \$(6,600). Of each \$8 registration fee, \$1 is currently distributed to the State Highway Fund, for a total of \$800. The remaining \$7, or a total of \$5,800, is currently distributed to HURF.

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

(Continued)



Table 1	
VLT and Registration Fee Revenue Impact by Entity	
	<u>Revenue Impact</u>
Counties	\$(44,600)
Incorporated Cities and Towns	(44,100)
State Highway Fund	(27,900)
State General Fund	(1,000)
Department of Public Safety	<u>(300)</u>
Total State Impact	\$(29,200)
Total	\$(117,900)

2/17/22