

# SB 653 - HB 655

## FISCAL NOTE



Fiscal Review Committee  
Tennessee General Assembly

February 23, 2025

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**SUMMARY OF BILL:** Exempts new specialty earmarked license plates for which the funds are allocated to, and used by, a nonprofit organization to support state historic sites from meeting the minimum initial issuance requirement of 1,000 plates, the minimum issuance requirement of 800 plates upon renewal, and the requirement to preorder such plates prior to issuance. Applies to new specialty earmarked license plates authorized prior to, and on or after the effective date. Effective upon becoming law.

### FISCAL IMPACT:

STATE GOVERNMENT		
REVENUE	Tennessee Arts Commission	Highway Fund
FY25-26	\$42,300	\$10,600
FY26-27 & Subsequent Years	\$85,000	\$21,300

LOCAL GOVERNMENT	
REVENUE	Mandatory
FY25-26	\$3,400
FY26-27 & Subsequent Years	\$6,800

OTHER FISCAL IMPACT	
The specialty plate organizations whose revenue from such plates support state historic sites are not associated with state or local government and should not, therefore, be interpreted as impacting state or local revenue or expenditures.	
REVENUE	Specialty Plate Organizations
FY25-26	\$52,900
FY26-27 & Subsequent Years	\$106,300

#### Assumptions:

- Pursuant to Tenn. Code Ann. § 55-4-202(k)(1), any cultural or new specialty earmarked license plate authorized by statute:
  - On or after July 1, 2013, shall be subject to a minimum order of at least 1,000 plates prior to initial issuance;

- Shall be subject to a minimum order of at least 800 plates for the renewal of such plate; and
- That does not meet the initial issuance requirement within one year of the effective date of the act authorizing the plate, or that does not meet the renewal requirement for any two successive renewal periods, shall not be issued, reissued, or renewed and will be deemed obsolete and invalid.
- The proposed legislation exempts national and state parks, local and regional parks, and cities and counties new specialty earmarked plates from such preordering requirements if the funds produced from the sale of the plate are allocated to and used by a nonprofit organization to support the programs and operations of a site designated as a state historic site by the Tennessee Historical Commission (Commission).
- There are currently no specialty plates that qualify for the exemption under the proposed legislation.
- However, according to the Commission, there are approximately 20 designated state historic sites that could apply for a specialty plate in the absence of this legislation.
- For the purpose of this analysis, it is estimated 13 percent, or approximately 3 (20 x 13%), new specialty plates will be introduced as a result of this legislation.
- Based on historical data, there is an average of 1,127 new issuances per approved plate in the first year of release and an average of 2,264 new issuances per approved plate in the second and subsequent years of release.
- The regular fee, in addition to all other regular registration fees, is \$35 due upon the issuance or renewal of a specialty earmarked plate. The cost to the Department of Revenue (DOR) for production and distribution of plates is \$3.70 each. DOR will be reimbursed for such incurred cost.
- The total net increase in revenue is estimated as follows:

Fiscal Year	Plates	Expenditures	Revenue	Net Revenue
FY25-26	3,381	\$12,510	\$118,335	\$105,825
FY26-27	6,792	\$25,130	\$237,720	\$212,590

- Pursuant to Tenn. Code Ann. § 55-4-215, all net revenue from the \$35 specialty plate fee is allocated as follows:
  - 50 percent to the nonprofits or specialty plate organizations;
  - 40 percent to the Tennessee Arts Commission (TAC); and
  - 10 percent to the Highway Fund.
- For the purpose of this analysis, it is assumed the introduced specialty plates will not be deemed obsolete and invalid.
- Pursuant to Tenn. Code Ann. § 55-4-202(b), there is a handling fee of \$1.00 payable to the county clerk upon issuance or renewal of any cultural, specialty earmarked, or new specialty earmarked license plate, except plates exempted from payment of fees.
- The total fiscal impact is as follows:

		FY25-26	FY26-27 and Subsequent Years
	<i>Increase State Revenue</i>		
	TAC	\$42,330	\$85,036
	Highway Fund	\$10,583	\$21,259
	<i>Increase Local Revenue Mandatory</i>		
	County Clerks	\$3,381	\$6,792
	<i>Increase Revenue - Other</i>		
	Specialty Plate Organizations	\$52,913	\$106,295

### **CERTIFICATION:**

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



Bojan Savic, Executive Director