



February 19, 2024

**SUMMARY OF BILL:** Increases, from one to two, the number of free plates for the Holders of the Purple Heart and Disabled Veteran memorial plates an eligible registrant may receive. Authorizes eligible registrants to receive every additional plate, after two, by paying the regular registration fee plus a fee equal to the cost of producing the plate. Provides that a second Purple Heart or Disabled Veteran plate issued prior to the effective date of this Act, July 1, 2024, is not subject to the regular registration and renewal fees going forward.

**FISCAL IMPACT:**

**Decrease State Revenue – \$348,700/FY24-25 and Subsequent Years/Highway Fund  
\$7,100/FY24-25 and Subsequent Years/General Fund  
\$47,500/FY24-25 and Subsequent Years/DOR**

Assumptions:

- Pursuant to Tenn. Code Ann. §§ 55-4-256(d) and 55-4-257, the first Purple Heart license plate is free of charge to qualified applicants and one additional Purple Heart license plate may be attained by such qualified applicants upon payment of the regular registration fee for plates along with payment of the registration fee and one-half of the manufacturing fee pursuant to Tenn. Code Ann. § 55-4-204(c)(1).
- Pursuant to Tenn. Code Ann. § 55-4-256(a)(2), a qualifying disabled veteran may receive a memorial registration plate, free of charge, with every additional plate received thereafter by paying all required fees including payment of one-half of the manufacturing fee pursuant to Tenn. Code Ann. § 55-4-204(c)(1).
- Providing qualified applicants with a second plate, free of charge, will result in a decrease in state revenue.
- According to the Department of Revenue's (DOR) Vehicle Services Division, there are 14,408 second motor vehicle license plates and 813 second motorcycle license plates that would otherwise be subject to fees in FY24-25 in the absence of this legislation. For the purposes of this analysis, these numbers are assumed to remain constant into perpetuity. The registration fee is \$23.75 for a disabled license plate for a motor vehicle and \$16.75 for a disabled license plate for a motorcycle.
- The total registration revenue for disabled motor vehicle license plate registrations is estimated to be \$342,190 (14,408 plates x \$23.75 fee) in FY24-25 and subsequent years.

- The total registration revenue for disabled motorcycle license plates is estimated to be \$13,618 (813 plates x \$16.75 fee) in FY24-25 and subsequent years.
- Pursuant to Tenn. Code Ann. § 55-6-107(a), such revenue shall be apportioned by a distribution of 98 percent to the Highway Fund and 2 percent to the General Fund.
- Therefore, the recurring decrease in state revenue to the Highway Fund is estimated to be \$348,692 [(\$342,190 + \$13,618) x 98%] in FY24-25 and subsequent years.
- The decrease in revenue to the General Fund is estimated to be \$7,116 [(\$342,190 + \$13,618) x 2%] in FY24-25 and subsequent years.
- Pursuant to Tenn. Code Ann. § 55-4-103(f)(2), there is a reflectorization fee of \$0.75 at the time of issuance of registration plates or the renewal thereof that is allocated to the General Fund.
- Pursuant to Tenn. Code Ann. § 55-4-103(f)(3), there is a \$1.00 titling and registration system fee at the time of issuance of registration plates or the renewal thereof that is allocated to DOR.
- Pursuant to Tenn. Code Ann. § 55-4-132(a), there is imposed an additional fee of \$1.00 on the registration of motor vehicles and the renewal of the registrations allocated to DOR.
- Therefore, a total of \$2.75 is allocated to DOR for the registration and renewal of disabled license plates.
- Of the 14,408 motor vehicle and 813 motorcycle plates, an average of 3,425 motor vehicle registrations and 234 motorcycle registrations for the Purple Heart and Disabled Veteran plates are initial registrations each year.
- The manufacturing fee is \$3.30 for a motor vehicle license plate charged only for the initial issuance; DOR does not charge a manufacturing fee for motorcycle plates. Therefore, the manufacturing fee payable to DOR for a disabled veteran or Purple Heart motor vehicle plate is \$1.65 (\$3.30 x 50%) pursuant to § 55-4-204(c)(1).
- Of the 14,408 motor vehicle plates, 3,425 will be subject to the \$1.65 manufacturing fee.
- The recurring decrease in revenue to DOR is estimated to be \$47,509 {(14,408 motor vehicle plates + 813 motorcycle plates) x \$2.75} + (3,425 x \$1.65) in FY24-25 and subsequent years.

## **CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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