

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2421 - HB 2660

April 1, 2024

SUMMARY OF BILL: Exempts certain motor vehicles from parking fees at airports in this state if the vehicle displays a disabled veteran or military award license plate.

FISCAL IMPACT:

Decrease Local Revenue – Exceeds \$3,483,900/FY24-25 and Subsequent Years

Increase Local Expenditures – \$873,600/FY24-25 and Subsequent Years*

Assumptions:

- Pursuant to Tenn. Code Ann. §§ 42-3-116(b), 42-4-102(b), and 42-5-123, property and revenues of an airport authority or airport, and any interest therein, are exempt from all state, county, and municipal taxation; therefore, there will be no significant decrease in state revenue.
- The airports affected by this legislation are public and governmental bodies acting as agencies and instrumentalities of the creating and participating municipalities of the airport authority.
- This legislation will result in a decrease in parking fee revenue to airports statewide. This decrease will equate to a decrease in local revenue.
- Based on information from the Department of Revenue, there are currently 65,974 vehicles in this state with the aforementioned military or memorial license plates.
- Based on the air travel frequency data, it is assumed that 41 percent of such individuals do not fly; therefore, approximately 38,925 individuals will utilize this exemption [65,974 - (65,974 x 41%)].
- Based on the 2019 Washington-Baltimore Regional Air Passenger Survey, approximately 51 percent of passengers traveled to the airport by a personal or rental automobile.
- Rental cars would not use parking lots at an airport facility, but rather, be returned to a car rental business prior to a passenger's flight.
- For purposes of this analysis, it is assumed that approximately 40 percent of the 38,925 individuals, or 15,570 individuals, will utilize this exemption (38,925 x 40%).
- It is assumed that such individuals, on average, take four flights per year and that the average number of days such individuals would park at the airport is two days.
- Daily rates for parking vary by airport.
- Fiscal Review Committee staff reached out to the Tennessee Aviation Association and was provided with information from the state's 5 largest commercial airports – BNA

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(Nashville), MEM (Memphis), TYS (Knoxville), CHA (Chattanooga), and TRI (Blountville).

- Parking rates by airport:
 - Nashville: \$40
 - Memphis: \$24
 - Knoxville: \$22
 - Chattanooga: \$20
 - Blountville: \$14
- It is assumed that the number of exemptions at each airport will correlate with the population of each city.
- Based on the 2020 Federal Census, the population of each city (metropolitan area in total) and percentage of total:
 - Nashville: 1,989,519 (35.73%)
 - Memphis: 1,340,000 (24.07%)
 - Knoxville: 1,156,861 (20.78%)
 - Chattanooga: 566,153 (10.17%)
 - Blountville: 514,899 (9.25%)
 - Total: 5,567,432
- Number of exemptions and decrease in local revenue:
 - Nashville: \$1,780,212 (15,570 x 35.73% x 4 trips x 2 days x \$40)
 - Memphis: \$719,558 (15,570 x 24.07% x 4 trips x 2 days x \$24)
 - Knoxville: \$569,438 (15,570 x 20.78% x 4 trips x 2 days x \$22)
 - Chattanooga: \$253,355 (15,570 x 10.17% x 4 trips x 2 days x \$20)
 - Blountville: \$161,305 (15,570 x 9.25% x 4 trips x 2 days x \$14)
 - Total decrease in local revenue: \$3,483,868
- The proposed legislation would extend this exemption to an owner or operator of a vehicle displaying a disabled veteran license plate issued by another state.
- This legislation will result in a recurring decrease in local revenue estimated to exceed \$3,483,868, beginning in FY24-25.
- Based on information from the aforementioned airports, each airport would need four additional employees, or 20 total additional employees statewide (4 employees x 5 airports) to verify eligibility for parking exemptions.
- Based on information provided by such airports, recurring costs for such personnel, including salary and benefits, would total \$873,600.
- A mandatory recurring increase in local expenditures of \$873,600, beginning in FY24-25.
- It is assumed that this legislation will have no significant impact on total issuance of any affected license plates.
- Based on information provided by the Department of General Services, the state does not own any parking lots at airports for which it charges parking fees; therefore, this legislation is estimated to result in no significant decrease in state revenue from loss in parking fees.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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