



March 8, 2022

Honorable Shaw Blackmon
Chairman, House Ways and Means
133 State Capitol
Atlanta, GA 30334

SUBJECT: Fiscal Note
House Bill 931 (LC 43 2309S)

Dear Chairman Blackmon:

The bill exempts disabled individuals from paying state and local title ad valorem tax (TAVT) on private passenger vehicles manufactured or converted for the use or accommodation of those who use wheelchairs. The bill would be effective beginning January 1, 2023.

Impact on State Revenue

The University of Georgia’s Department of Agricultural and Applied Economics estimated that the bill would decrease state revenue by \$2.44 million in FY 2024, the first year of the bill’s full effect (Table 1). The revenue loss would increase slightly in subsequent years. Local revenue losses would be more than \$2 million higher than the state losses each year. The analysis considers that the TAVT rate will rise from the current 6.6% to 7% on July 1, 2023. The appendix provides details of the analysis.

Table 1. Estimated Revenue Effects of LC 43 2309S

(\$ millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
State	(\$1.07)	(\$2.44)	(\$2.57)	(\$2.61)	(\$2.65)	(\$2.69)
Local	(\$1.92)	(\$4.53)	(\$4.77)	(\$4.84)	(\$4.92)	(\$5.00)

Impact on State Expenditures

The Department of Revenue would be able to implement the provisions of the bill with existing resources. It estimated up to seven months to implement all changes to the Driver Record and Integrated Vehicle Enterprise System.

Respectfully,

Greg S. Griffin
State Auditor

GSG/KF/mt

Kelly Farr, Director
Office of Planning and Budget

Analysis by the UGA Department of Agricultural and Applied Economics

The proposal exempts, beginning January 1, 2023, disabled individuals (who are entitled to a specially designated disabled person's license plate) from having to pay state and local title ad valorem tax (TAVT) on passenger vehicles that are manufactured or converted to enable or accommodate individuals who use wheelchairs to be transported. TAVT collection is based on the fair market value at the time of titling of new and used motor vehicles registered and titled in the state.

Very little information is available—and none at the State level—on the stock and purchasing patterns of “adapted vehicles”, or those that are manufactured or converted to enable or accommodate individuals with wheelchairs. However, the Bureau of Transportation Statistics (BTS) estimated in 2018 that 24.6 million Americans had travel-limiting disabilities, and that 2.3% of this population lived in a household that owns or leases an adapted vehicle. Assuming that the relationship between the overall U.S. census and Georgia OPB population projections holds for the population with travel-limiting disabilities as well, we generated estimates for the Georgia residents who live in a home with an adapted vehicle in table A1. Then, based on the relationship between the Georgia passenger vehicle registration data from the Georgia Department of Revenue and the number of vehicles registered nationally from the BTS, we projected the number of vehicle sales in Georgia, based on BTS data for the number of vehicle sales over time and their average growth rate. These projections are also shown in table A1. Next, we estimated the number of vehicle purchases that would be made by Georgia residents with travel-limiting disabilities based on the per-capita vehicle purchases expected to be made by Georgia residents overall.

We estimated the value of these purchases by projecting the average BTS share of new and used vehicles (from 2016-2019), and the ratio of their value, onto the relevant Georgia purchases over budget window. We estimate the average price of a new adapted vehicle at \$50,000, the midpoint of the range offered by the National Highway Transportation Safety Administration (\$20,000-\$80,000). We modify the total value of these purchased vehicles by the share of disabled plates in Georgia that are issued to disabled veterans, who already enjoy a TAVT tax exemption (we assume that they would apply their original exemption). Finally, we estimate the foregone revenue as the TAVT revenue (6.6% of the fair market value through June 30 2023, and 7% thereafter) distributed to the State (35% of TAVT) and local (65% of TAVT) governments.

We adjust the tax year basis to a fiscal year basis in table 1.

Table A1. Forecasts And Foregone Tax Revenue Calculations

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<i>Residents with travel limiting disabilities (thousands)</i>									
Georgia	809.4	817.5	825.5	833.6	841.6	849.6	857.2	864.8	872.3
<i>Disabled residents who live in a home with an adapted vehicle (thousands)</i>									
Georgia	18.6	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
<i>Passenger vehicle registrations (millions)</i>									
United States	193.9								
Georgia	8.0	8.1	8.3	8.4	8.5	8.7	8.8	9.0	9.1
<i>Passenger vehicle sales and leases (millions)</i>									
United States	55.4								
Georgia	2.3	2.3	2.4	2.4	2.4	2.5	2.5	2.6	2.6
<i>Estimated vehicle sales and leases by disabled residents who live in a home with an adapted vehicle (thousands)</i>									
Georgia	4.0	4.0	4.1	4.2	4.2	4.3	4.4	4.4	4.5
<i>Share of passenger vehicle purchases</i>									
New and leased	26.3%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%
Used	70.5%	70.5%	70.5%	70.5%	70.5%	70.5%	70.5%	70.5%	70.5%
<i>Value of used passenger car to new</i>									
Average 2016-2019	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53
<i>Estimated Georgia revenue from sales of adapted vehicles (millions)</i>									
All disabled	\$129.90	\$135.08	\$137.28	\$139.51	\$141.78	\$144.09	\$146.44	\$148.82	\$151.25
Disabled non-veterans	\$95.31	\$99.11	\$100.73	\$102.37	\$104.03	\$105.73	\$107.45	\$109.20	\$110.98
<i>Estimated foregone revenue (thousands)</i>									
State				\$2.37	\$2.55	\$2.59	\$2.63	\$2.68	\$2.72
Local				\$4.39	\$4.73	\$4.81	\$4.89	\$4.97	\$5.05