



March 28, 2022

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

SUBJECT: Fiscal Note
House Bill 931 (LC 43 2384S)

Dear Chairman Blackmon:

The bill would exempt the value of “upgrades or enhancements to enable or accommodate individuals who use wheelchairs for ambulation” from the fair market value of a new vehicle for the purposes of the state and local title ad valorem tax (TAVT). The bill would be effective 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 \$440,000 to \$880,000 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 approximately twice as high as 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 2384S

(\$ millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
State (high case)	(\$0.44)	(\$0.88)	(\$0.93)	(\$0.94)	(\$0.96)	(\$0.97)
State (low case)	(\$0.18)	(\$0.44)	(\$0.46)	(\$0.47)	(\$0.48)	(\$0.49)
Local (high case)	(\$0.66)	(\$1.64)	(\$1.72)	(\$1.75)	(\$1.78)	(\$1.80)
Local (low case)	(\$0.42)	(\$0.82)	(\$0.86)	(\$0.87)	(\$0.89)	(\$0.90)

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 one to two months to implement changes to the Driver Record and Integrated Vehicle Enterprise System.

Respectfully,

Greg S. Griffin
State Auditor

Kelly Farr, Director
Office of Planning and Budget

GSG/KF/mt

Analysis by the UGA Department of Agricultural and Applied Economics

The proposal exempts, beginning January 1, 2023, the value of “upgrades or enhancements to enable or accommodate individuals who use wheelchairs for ambulation” from the fair market value of a new vehicle for the purposes of calculation of the state and local title ad valorem tax (TAVT). 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 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 State Department of Revenue and the number of vehicles registered nationally from the BTS, we projected the number of new 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 new vehicle purchases that Georgia residents would make with travel-limiting disabilities based on the per-capita vehicle purchases expected to be made by Georgia residents overall.

The most recent source of information we could locate that indicates the price of wheelchair-accessibility modifications is a report on Best Wheelchair Vans in *Consumer Affairs* (Rains, 2022). It offers a range for such modifications from \$15,000 to \$30,000. We apply this range to calculate the low and high cases for the value of modifications implicit in new car sales in table A1. Finally, we estimate the foregone revenue as the TAVT revenue that would otherwise have been collected (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.

References

Rains, T. 2022. “Best Wheelchair Vans: Compare Wheelchair Van Companies.” *Consumer Affairs*, March 3. Accessed at: <https://www.consumeraffairs.com/automotive/wheelchair-vans/>

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 value of upgrades/enhancement that permit wheelchair access in new vehicle sales (millions)</i>									
All disabled (high case)	\$31.31	\$23.83	\$24.22	\$24.61	\$25.01	\$25.42	\$25.83	\$26.25	\$26.68
All disabled (low case)	\$10.44	\$11.91	\$12.11	\$12.31	\$12.51	\$12.71	\$12.92	\$13.13	\$13.34
<i>Estimated foregone revenue (thousands)</i>									
State (high case)				\$0.85	\$0.92	\$0.93	\$0.95	\$0.97	\$0.98
State (low case)				\$0.43	\$0.46	\$0.47	\$0.48	\$0.48	\$0.49
Local (high case)				\$1.58	\$1.71	\$1.74	\$1.76	\$1.79	\$1.82
Local (low case)				\$0.79	\$0.85	\$0.87	\$0.88	\$0.90	\$0.91