

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7464

BILL NUMBER: HB 1876

DATE PREPARED: Jan 24, 1999

BILL AMENDED:

SUBJECT: Excise tax on recreational vehicles.

FISCAL ANALYST: Bob Sigalow

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that recreational vehicles are subject to a recreational vehicle (RV) excise tax instead of the ad valorem property tax on personal property.

Effective Date: January 1, 2000.

Explanation of State Expenditures: The Bureau of Motor Vehicles would incur additional administrative expenses for computer changes, form changes, and training. The Bureau of Motor Vehicles is funded from the state Motor Vehicle Highway Account. *We are currently awaiting information so that these expenses can be estimated. This note will be updated when the information is received.*

Since maximum levies would be reduced, the state's expense for property tax replacement (PTRC) and homestead credits would be reduced under this bill. PTRC and homestead credits are paid from the Property Tax Replacement Fund which is annually supplemented by the state General Fund. Any reduction of these expenditures would ultimately benefit the General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, RVs are assessed for personal property tax purposes. This bill would remove the RVs from the property tax rolls and require that excise tax be paid on them. In 1997, there were approximately 113,000 RVs on which property tax was assessed. The total assessed value was about \$143 million with a net tax of \$11.3 million or \$100 per vehicle on average.

The excise tax would be charged based on an extension of the current schedule used for automobiles. The excise tax would flow back to the taxing units that serve the RV owners. These units' maximum levies would

be reduced by the amount of RV excise tax received so that there would be no change in total local revenues.

State Agencies Affected: Bureau of Motor Vehicles; State Board of Tax Commissioners.

Local Agencies Affected:

Information Sources: State Board of Tax Commissioners.