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FISCAL IMPACT STATEMENT

LS 6586
BILL NUMBER: HB 1327

NOTE PREPARED: Feb 7, 2007
BILL AMENDED: Feb 6, 2007

SUBJECT: Tax Exemption for Antique Motor Vehicles.

FIRST AUTHOR: Rep. Saunders
FIRST SPONSOR: Sen. Kruse

BILL STATUS: As Passed House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

LOCAL IMPACT	CY 2007	CY 2008	CY 2009
Local Revenues		(29,000)	(29,000)
Local Expenditures			
Net Increase (Decrease)		(29,000)	(29,000)

Summary of Legislation: (Amended) This bill exempts antique motor vehicles from the motor vehicle excise surtax and the wheel tax.

The bill also restricts the use of a motor vehicle registered as an antique motor vehicle and it imposes certain penalties for the impermissible use of an antique motor vehicle.

Effective Date: January 1, 2008.

Explanation of State Expenditures: Initially, the Bureau of Motor Vehicles (BMV) would incur minimal administrative costs related to exemption of antique vehicles from the Surtax/Wheel Tax. The fund affected is the Motor Vehicle Highway Account (MVHA), which supports the BMV.

Explanation of State Revenues: (Revised) Under this bill, beginning in 2008, a vehicle that is registered as an antique motor vehicle would not be permitted to be used for general transportation. The vehicle could be used only for club activities, exhibitions, tours, rallies, parades, and related activities. This provision could

reduce the number of antique vehicle registrations beginning in 2008 by an unknown amount.

Currently, the owner of a vehicle that is at least 25 years old may register the vehicle as an antique motor vehicle. An historical vehicle is plated with a special historical vehicle license plate. There is no additional charge for this license plate. Beginning in 2008 under current law, the owner of an historic motor vehicle may instead display an authentic license plate from the model year of the vehicle. In this case, the owner will pay the \$37 additional personalized license plate fee. \$7 of the fee is deposited into the Motor Vehicle Highway Account and \$30 is deposited into the State License Branch Fund. If this provision results in a smaller number of antiques vehicle registrations that are using the vintage license plate, then state revenues for personalized plates would be reduced.

Explanation of Local Expenditures:

Explanation of Local Revenues: Under this proposal, the Motor Vehicle Excise Surtax and Wheel Tax would not apply to vehicles registered as antique vehicles. Motor vehicles must be at least 25 years old to qualify as an antique. In CY 2005, 37 counties imposed the Surtax/Wheel Tax and generated \$5.0 M in Wheel Tax and \$48.7 M in Surtax.

There were 8,151 antique vehicles registered in Indiana in 2004, the last year for which registration information is available. Of those, 3,837 were registered in the 37 Surtax/Wheel Tax adopting counties. Assuming that the average Surtax/Wheel Tax was \$7.50 for antique vehicles, it is estimated that these vehicles generated about \$29,000 in surtax in 2005. This is the estimated revenue that would be lost beginning in CY 2008 under this provision. Wheel Tax and Surtax are distributed to the county unit and each city and town in an adopting county. The revenue is used for road and street construction and maintenance.

State Agencies Affected: Bureau of Motor Vehicles.

Local Agencies Affected:

Information Sources: *Annual 2004 Registration Statistics, Report #RBP99*, Bureau of Motor Vehicles, 2004.

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