



HOUSE COMMITTEE ON APPROPRIATIONS
2009-10 Legislative Session

FISCAL NOTE

HOUSE BILL: 1800

PRINTER'S NO: 2336

PRIME SPONSOR: Ellis

FISCAL IMPACT SUMMARY	FY 2009/10	FY 2010/11
Estimated Revenue Increase/(Decrease):		
Motor License Fund	(\$28,103)	(\$84,308)

OVERVIEW:

Section 1901(c)(16) of the Vehicle Code (Title 75, Pa.C.S.) provides for a discounted vehicle registration fee of \$10 for retired persons with total annual income \$19,200 or less. This bill mandates that income from the federal government pursuant to the American Recovery and Reinvestment Act (ARRA) of 2009 (Public Law 111-5, 123 Stat. 115) would not count as part of total income. ARRA provides \$250 to Social Security beneficiaries for this year and next year.

The effective date is immediate.

ANALYSIS:

The analysis assumes that this bill becomes effective March 1, 2010.

The amendment will have the impact of reducing revenue to the Motor License Fund for those persons that whose incomes are between \$18,951 and \$19,200 and the additional \$250 would put them over the \$19,200 limit. The cost would overlap three fiscal years.

A weighted average reduced fee was calculated using PennDOT data from FY 2007/08. Table 1 below summarizes the data and calculation:

Table 1: Discounted Fees Awarded for FY 2007/08					
Vehicles Class	Number Receiving	Fee	Discounted Fee	Fee Reduction	Weighted Average
Passenger	133,648	\$36.00	\$10.00	\$26.00	\$21.40
Motorcycle	51	\$18.00	\$10.00	\$8.00	\$0.00
Trailers Class 2	7	\$12.00	\$10.00	\$2.00	\$0.00
Trucks Class 1	18,721	\$58.50	\$10.00	\$48.50	\$5.59
Trucks Class 2	7,962	\$81.00	\$10.00	\$71.00	\$3.48
Trucks Class 3	1,791	\$153.00	\$10.00	\$143.00	\$1.58
Motorhome Class 1	137	\$45.00	\$10.00	\$35.00	\$0.03
Motorhome Class 2	67	\$63.00	\$10.00	\$53.00	\$0.02
TOTAL	162,384				\$32.10

Second, the number of persons receiving a discount who otherwise would not was calculated using 2006 national income distribution data from Social Security Administration (SSA), the 2006 Census Population Estimates for Pennsylvania, and 2006/07 PennDOT data on retired seniors receiving the discount. This result was multiplied by the weighted average derived in Table 1. Table 2 summarizes the data and calculations:

1	Number of seniors 65+ in Pennsylvania	1,882,680	Census Estimate (2006 Data)
2	Percent with income up to \$19,999	43.4%	SSA (2006 National Data)
3	Percent with income \$15,000 to \$19,999	12.8%	SSA (2006 National Data)
4	Estimated percent income from \$19,200 to \$19,999	2.0%	Calculated simple ratio from line 3
5	Estimated percent income from up to \$19,200	41.4%	line 2 - line 4
6	Estimated percent seniors eligible in 2006	778,566	line 5 X line 1
7	Number of senior receiving discount	167,203	PennDOT (2006-07 Data)
8	Percent eligible receiving discount	21.5%	Line 7 / Line 6
9	Estimated percent income from \$18,951 to \$19,200	0.6%	Calculated using data above
10	Number of seniors 65+ in Pennsylvania	1,910,571	Census Estimate (2008 Data)
11	Estimated eligible to receive discount	12,230	line 10 X line 9
12	Estimated seniors benefiting from amendment	2,627	line 11 X line 8
13	Weighted average reduction in registration fee	\$32.10	From Table 1
14	Estimated Loss of Revenue	\$84,308	line 13 X line 12

The annual estimated loss in revenue, therefore, is \$84,308 to the Motor License Fund. For FY 2009/10, the loss will be one third the annual value, or \$28,103, because it will be based on four months using a March 1st effective date assumption. For FY 2010/11, the loss will be the total annual amount because during 2011, the income will be based on 2010 income. For FY 2011/12, the loss will be half the annual amount because the first half of FY 2011/12 will be based on the 2010 income.

The losses are relatively small compared to the overall size of revenue from registration fees. According to Department of Revenue data, registration and titling fees revenue was \$644.6 million in FY 2008/09. Also, according to PennDOT data, the loss of revenue to the Motor License Fund from current discount recipients was \$5.1 million in FY 2008/09.

The following sources were used in the preparation of this fiscal note: the Department of Transportation, Department of Revenue, the United States Census Bureau, and the U.S. Social Security Administration.

PREPARED BY: Erik Randolph, Senior Analyst
House Appropriations Committee, (D)

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General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*