



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 250

PRINTER'S NO. 213

PRIME SPONSOR: Merski

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
Motor License Fund	\$1,550,000	\$4,580,000

SUMMARY: HB 250 PN 213 raises the income threshold for a retiree to qualify for PennDOT's Retired Status Processing Fee in lieu of a vehicle registration fee. This legislation would take effect in five months.

ANALYSIS: The legislation amends Section 1901(c) (relating to exemption of persons, entities, and vehicles from fees), within Title 75 (Vehicles), to increase the annual income from \$19,200 to \$29,906 to qualify for PennDOT's \$10 Retired Status Processing Fee when registering a vehicle for individuals who are retired and receiving social security. The current vehicle registration fee is \$45.

Additionally, the legislation affixes the maximum income level to the Consumer Price Index for All Urban Consumers (CPI-U) for the United States. This provides for the annual ability of PennDOT to adjust the maximum income level to reflect changes in CPI-U.

FISCAL IMPACT:

Based on staff analysis of 2021 American Community Survey (ACS) 5-Year Estimates Public Use Microdata available from Census Bureau, this fiscal note estimates that the number of driver's license holders, over the age of 65 with a total income of more than \$19,200 but less than \$29,906 and having at least one vehicle is approximately 132,000.

These individuals would currently pay the \$45 PennDOT annual registration fee. Under the bill, they would pay the \$11 retired status processing fee instead, resulting in a \$34 reduction per person. On a full year basis, this would result in approximately a \$4.5 million reduction in revenue.

Additionally, the provisions of the legislation would also require IT system changes to implement information module changes and website upgrades. PennDOT estimates these changes would cost \$50,000.

Lastly, the effective date of the legislation plays a role related to the fiscal impact. For FY 2023/24, the estimated fiscal impact to Commonwealth funds would be approximately \$1.55 million assuming uniformity related to registrations per month, one-time IT costs, and four-month utilization of the \$29,906 total annual income threshold. For FY 2024/25 the fiscal impact is projected to be \$4.58 million, assuming uniformity related to registrations per month and a CPI-U adjustment for the second half of the fiscal year. The fiscal impact of the legislation would be realized within the Motor License Fund.

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House Appropriations Committee (D)

DATE: September 27, 2023

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.