

Department of Finance and Administration

Legislative Impact Statement

Bill: SB655

Bill Subtitle: TO RAISE THE PURCHASE PRICE THRESHOLD AT WHICH SALES AND USE TAX BECOMES DUE ON THE PURCHASE OF A USED MOTOR VEHICLE, TRAILER, OR SEMITRAILER.

Basic Change :

Sponsor: Senator G. Stubblefield

Under current law, the threshold for which sales tax is not due on motor vehicles, trailers, and semi-trailers, is a purchase of less than four thousand dollars (\$4,000). Under the bill, the threshold would be increased to a purchase price of less than five thousand dollars (\$5,000) for exemption from sales tax.

Revenue Impact :

FY18 Tax Decrease

Total Impact to State Revenues **- \$2.12 million**
[9 Months of Reduced Tax Collections --- 10/1/2017 Effective Date]

- \$ 1.42 million --- State General Revenue (4.5%)
- \$.28 million --- Educational Adequacy (.875% tax)
- \$.16 million --- Property Tax Relief Trust Fund (.5%)
- \$.04 million --- Conservation Tax (.125%)
- \$.16 million --- Highway Fund (.5%)
- \$ 0 --- Educational Excellence Trust Fund
- \$ 0 --- Educational Adequacy (GR transfer)
- \$.05 million --- State Central Services
- \$.02 million --- Constitutional Officers

Total Impact to City and County Sales Tax - \$415,000

FY19 Tax Decrease

Total Impact to State Revenues **- \$2.83 million**

- \$ 1.60 million --- State General Revenue (4.5%)
- \$.37 million --- Educational Adequacy (.875% tax)
- \$.21 million --- Property Tax Relief Trust Fund (.5%)
- \$.05 million --- Conservation Tax (.125%)
- \$.21 million --- Highway Fund (.5%)
- \$.27 million --- Educational Excellence Trust Fund
- \$.02 million --- Educational Adequacy (GR transfer)
- \$.06 million --- State Central Services
- \$.03 million --- Constitutional Officers

Total Impact to City and County Sales Tax - \$550,000

[During 2016, a total of 9,731 motor vehicles were registered with DFA with a sales price from \$4,000 to \$4,999 with total state sales tax paid of \$2,830,082.]

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Taxpayer Impact :

Taxpayers who purchase a motor vehicle, trailer, or semi-trailer with a selling price of less than \$5,000 would not pay sales tax on the purchase. Approximately 10,000 vehicle sales per year would no longer be subject to tax as a result of the increased exemption amount.

Resources Required :

Additional programming will be necessary and estimated to cost \$5,000.00.

Time Required :

The bill is effective on the first day of the second calendar month following the effective date of this act.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

None.