

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2016 REGULAR SESSION**

MEASURE

2016 BR NUMBER **0268**

HOUSE BILL NUMBER **201**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to motor vehicle usage tax and declaring an emergency.**

SPONSOR **Representative Belcher**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: _____

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(Minimal)	(Minimal)	
EXPENDITURES				
NET EFFECT		(Minimal)	(Minimal)	

() indicates a decrease/negative

MEASURE'S PURPOSE: The proposed legislation exempts transfers between siblings and stepsiblings from the motor vehicle usage tax.

PROVISIONS/MECHANICS: The proposed legislation amends KRS 138.470 to expand the class of individuals that may transfer a motor vehicle without paying the motor vehicle usage tax to include transfers between siblings and stepsiblings.

FISCAL EXPLANATION: Information is not available to determine how many transfers occur annually between siblings and stepsiblings, however the 2016 – 2018 tax expenditure estimates that the exemption for transfers among immediate family members including husband and wife, parent and child, stepparent and stepchild, and grandparent and grandchild to be \$8.6 million annually. It should be noted that the transfers sought to be accomplished under the proposed exemption could be accomplished legally and tax free under existing law by using two tax free transfers. Sibling 1 could transfer the vehicle to a parent, who could then transfer the vehicle to sibling 2. It is likely that many transfers between siblings occur in this manner and that therefore, the fiscal impact of this proposal would be minimal.

The local impact will be from a reduction in the fees received by county clerks from the payment made to transfer a vehicle.

DATA SOURCE(S): _____

PREPARER: Pam Thomas **NOTE NUMBER:** 20 **REVIEW:** JRS **DATE:** 1/12/2016