

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

FISCAL NOTE, 2019 LEGISLATIVE SESSION

FISCAL NOTE 2019-HB1118A

HB 1118 revise provisions regarding excise taxes on the purchase price of motor vehicles.

HB1118 removes rebates from the total consideration (purchase price) of new and used vehicles. Based on two years of data supplied by the motor vehicles division of the department of revenue, this fiscal note expects total vehicles obtaining a new title in FY20 to be 65,907.

New Titles by Type of Vehicle

	FY17	FY18	FY19 Est.	FY20 Est.
Trucks	32,727	35,269	36,700	37,801
Passenger	8,444	14,288	14,273	14,701
Travel Trailer	13,766	7,838	8,074	8,193
Recreational	254	295	303	307
Motorcycle	2,575	1,993	2,284	2,524
Other	2,734	2,311	2,346	2,381
Total	60,500	61,994	63,979	65,907

There is no existing state data on the amount of rebate by vehicle, therefore, based on LRC's survey of current dealership rebate offers, this analysis applies an average rebate per new vehicle of \$0 to \$3,500 for cars, \$0 to \$3,750 for trucks and sport utility vehicles, \$0 to \$500 for motorcycles, \$1,000 for other types, and \$0 for travel trailer and recreational, depending on the brand of the vehicle. The LRC did not find evidence of dealerships offering rebates for used vehicles. The total FY20 impact of HB1118 is expected to be a decrease of \$3,593,384 in funds credited to the State Highway Fund. Based on FY18 total operating revenues of \$307.7M, this would be a 1.17% loss in revenue.

HB1118 Fiscal Impact by Type

Trucks	\$2,400,470
Passenger	\$1,081,240
Travel Trailer	\$ -
Recreational	\$ -
Motorcycle	\$16,434
Other	\$95,240
Total	\$3,593,384

APPROVED BY: _____ /s/ Jason Hancock _____ DATE: 02/19/2019 _____