

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1723-01
Bill No.: HB 694
Subject: Licenses - Motor Vehicle; Department of Revenue
Type: Original
Date: March 16, 2015

Bill Summary: This proposal modifies provisions relating to semitrailer registration requirements.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0	\$5,659	\$9,761
Total Estimated Net Effect on General Revenue	\$0	\$5,659	\$9,761

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Highway Fund	\$1,176,322	\$1,592,469	\$1,346,265
Total Estimated Net Effect on Other State Funds	\$1,176,322	\$1,592,469	\$1,346,265

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any Of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to a similar proposal (SB 278), officials from the **Department of Revenue (DOR)** assumed this proposal permits permanent trailer registrations to any trailer as defined in Section 301.010, RSMo, and semitrailers, at a fee of \$52.50, by deleting restrictions to only those trailers or semitrailers which are operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly.

Administrative Impact:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY2016.
- The Department's web site will need to be updated to include the new plate type. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY2016.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

DOR stated currently, one and three year trailer registrations expire at the end of a calendar year. Due to permanent trailer plates being non-expiring there will be a cost reduction from the elimination of renewal notices that are currently mailed at the end of each year. This proposal would result in savings to the Department for the cost of postage (\$.224 for each renewal notice) and forms (\$.0224 per renewal notice).

ASSUMPTION (continued)

There are currently 308,746 trailer registrations expiring at the end of 2015 (FY2016), 275,972 at the end of 2016 (FY2017), and 160,747 at the end of 2017 (FY2018). Based on current statistics, 54% of trailer registrations have a one year registration and 46% have a three year registration. The Department will not be able to determine how many applicants will switch to a permanent registration at renewal of their current one or three year registration; therefore, for purposes of this fiscal note, it is assumed 10% of all applicants will obtain a permanent registration at renewal time, thus eliminating the need for a renewal notice in subsequent years.

All renewals expiring at the end of 2015 (FY 2016) will need to be mailed and thus no savings. There will be a savings of \$5,659 in FY 2017 and \$9,761 in FY 2018 to General Revenue.

Revenue Impact

The table below reflects the impact for the proposed permanent registration (\$52.50) verses one and three-year registrations (\$7.50 for 1 year and \$22.50 for 3 year) as shown below:

	FY 2016	FY 2017	FY 2018
1 Year Trailer Plate	(\$125,042)	(\$172,539)	(\$148,957)
3 Year Trailer Plate	(\$319,552)	(\$417,926)	(\$339,394)
Permanent Plate	\$1,620,917	\$2,182,934	\$1,834,616
Total Increase to Highway Fund	\$1,176,322	\$1,592,469	\$1,346,265

Since it is unknown how many potential permanent trailer registrations will be issued, for fiscal note purposes only, **Oversight** will use DOR's estimate. Oversight will reflect a revenue increase for the proposed \$52.50 registration fee and a savings of cost associated with renewals to the Highway Fund.

ASSUMPTION (continued)

In response to a similar proposal (SB 278), officials from the **Office of the Secretary of State (SOS)** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to a similar proposal (SB 278), officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a similar proposal (SB 278), officials from the **Department of Public Safety - Missouri Highway Patrol** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Economic Development** assume the proposal will have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Savings - DOR</u> Renewal notices not sent out	<u>\$0</u>	<u>\$5,659</u>	<u>\$9,761</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>\$5,659</u>	<u>\$9,761</u>

<u>FISCAL IMPACT - State Government</u>	FY 2016	FY 2017	FY 2018
(continued)	(10 Mo.)		

HIGHWAY FUND

Revenue - DOR

Permanent registration fee (\$52.50) vs 1 year (\$7.50) or 3 year (\$22.50) registration fees	<u>\$1,176,322</u>	<u>\$1,592,469</u>	<u>\$1,346,265</u>
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ESTIMATED NET EFFECT TO THE HIGHWAY FUND

<u>\$1,176,322</u>	<u>\$1,592,469</u>	<u>\$1,346,265</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018
	(10 Mo.)		

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

License offices may see a reduction in processing fees collected from trailer registrations.

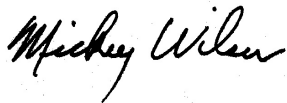
FISCAL DESCRIPTION

Currently, only a trailer or semitrailer that is operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly may, at the option of the registrant, be permanently registered upon the payment of a \$52.50 fee. The bill allows the owner of any trailer or semitrailer the option to register his or her trailer or semitrailer permanently upon payment of the fee.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Public Safety
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Economic Development



Mickey Wilson, CPA
Director
March 16, 2015

Ross Strobe
Assistant Director
March 16, 2015