

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2110-02
Bill No.: HB 1091
Subject: Transportation; Licenses - Motor Vehicle
Type: Original
Date: March 16, 2015

Bill Summary: This proposal allows the owner of a motor vehicle other than an apportioned motor vehicle or commercial motor vehicle licensed in excess of 26,000 pounds to apply for a special personalized license plate.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Minimal)	Minimal	Minimal
Total Estimated Net Effect on General Revenue	(Minimal)	Minimal	Minimal

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Highway Fund	(Minimal)	(Minimal)	(Minimal)
Total Estimated Net Effect on <u>Other</u> State Funds	(Minimal)	(Minimal)	(Minimal)

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 (HB 507), officials from the **Department of Corrections, Department of Insurance, Financial Institutions and Professional Registration, Department of Public Safety - Missouri Highway Patrol and Department of Transportation** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal (HB 507), officials from the **Department of Revenue (DOR) - Motor Vehicle Bureau (MVB)** stated the following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY '16.
- The Application for Missouri Personalized and Special License Plates (DOR-1716) will need to be revised to include the availability of 24,000 lbs local and beyond local plates. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY '16.
- The Application for Military Personalized License Plates (DOR-4601) will need to be revised to include the availability of 24,000 lbs local and beyond local plates. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY '16.
- The Department's website will need to be updated to include the availability of 24,000 lbs local and beyond local plates. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY '16.
- MVB user acceptance testing for identified system modifications will require 40 hours for each system modification for a total of 80 hours by a Management Analyst Specialist I at a cost of \$1,780 in FY '16.

ASSUMPTION (continued)

- The Department would incur 40 hours for a Revenue Processing Tech II to set up the 24,000 lbs specialty plate option for all specialty and personalized plates within Motor Vehicle Bureau systems and user acceptance testing at a cost of \$934 in FY `16.
- ITSD would incur 432 hours to update existing software to accommodate the changes required by the proposal at a cost of \$32,400 in FY `16.

In summary, DOR assumes a cost of \$38,024 ($\$890 + \$890 + \$890 + \$240 + \$1,780 + \$934 + \$32,400$) in FY 2016 to provide for the implementation of the changes in this proposal.

Oversight assumes at least some of these expenses could be absorbed by DOR.

DOR noted that in FY 2014 there were 102,689 commercial motor vehicles registered at 18,000 lbs gross weight with 1.1715% (1,203) of those being personalized or special personalized license plates. In FY 2014 there were 59,969 commercial motor vehicles registered at 24,000 lbs gross weight.

The Department is assuming the same percentage (1.1715%) of applicants will want personalized or special personalized license plates at 24,000 lbs. This will result in 703 personalized and special 24,000 lb license plates being issued by the Department.

Set-up cost:

The Department will be charged \$45 for the initial set-up of a 24,000 lb category for 214 plate types at a total cost of \$9,630. This is a one-time fee that will be charged upon passage of this proposal in FY `16.

Plate manufacturing cost:

The Department pays \$3.50 per plate for manufacturing flat plates through Missouri Vocational Enterprises. Currently, 24,000 lb. plates are only issued one plate pursuant to Section 301.130, RSMo. Assuming 703 applicants would apply for 24,000 lb personalized and/or special personalized license plates, this would cost the Department \$2,050 (10 Months) in FY `16, \$2,522 in FY `17, and \$2,585 in FY `18.

Mailings:

It currently costs the Department, on average, \$5.55 to ship a box of 10 plates to contract offices once they have completed the manufacturing process through MVE.

ASSUMPTION (continued)

- DOR assumes the 703 applicants would apply for 24,000 lb. personalized and/or special personalized plates, would cost \$324 in FY '16 (10 Months), \$398 in FY '17, and \$408 in FY '18 to ship 703 plates to license offices in various regions across the state.

Note: \$5.55 is an average cost, as the cost may decrease or increase based on the weight of the package, the area to which it is being sent, and how many boxes are being sent at one time.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

- With 561 applicants, it would cost \$325 in FY '16 (10 Months), \$400 in FY '17, and \$410 in FY '18 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.49).

In summary, DOR assumes a cost to the General Revenue Fund of \$50,353 (\$38,024 + \$9,630 + \$2,050 + \$324 + \$325) in FY 2016, \$3,320 (\$2,522 + \$398 + \$400) in FY 2017 and \$3,403 (\$2,585 + \$408 + \$410) in FY 2018 to provide for, plate set-up, plate manufacturing and mailings in this proposal.

Revenue Impact

DOR officials assumed 703 applicants would apply for 24,000 lb personalized and/or special personalized plates there would be an increase in revenue of \$8,788 in FY '16 (10 Months), and \$10,545 in FY '17 & FY '18 to the General Revenue from the \$15 specialty plate fee.

Oversight assumes this proposal, compared to HB 507, changes the weight limitations from 24,000 pounds to 26,000 pounds. Since it is unknown how many applications will be received for this plate, Oversight will use DOR estimate from HB 507 of 703 applications per year. This would result in fees of \$8,788 (10 months) in 2016 and \$10,545 in FY 2017 and 2018 into the General Revenue Fund and plate cost of \$2,050 (10 months) in FY 2016 and \$2,522 in FY 2017 and \$2,585 FY 2018. Oversight considers these amounts to be 'Minimal'.

Oversight will estimate a minimal increase in revenue to the General Revenue Fund generated from the \$15 specialty plate fees. Oversight will also estimate a minimal cost for the set-up and processing of specialty license plates to the General Revenue Fund and to the Highway Fund. Oversight assumes the revenue into the General Revenue Fund will at least cover the estimated costs from the proposal, resulting in a positive "Minimal" estimated net effect to the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Revenue - DOR</u>			
Specialty plate fees (\$15 per applicant)	Minimal	Minimal	Minimal
<u>Cost - DOR</u>			
Set up and processing costs for specialty plates	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Minimal)</u>	<u>Minimal</u>	<u>Minimal</u>
 HIGHWAY FUND			
<u>Cost - DOR</u>			
Manufacturing Cost (\$3.50 per plate)	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, the owner of a motor vehicle other than an apportioned motor vehicle or commercial motor vehicle licensed in excess of 18,000 pounds may apply for a special personalized license plate.

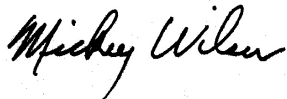
FISCAL DESCRIPTION (continued)

This bill allows the owner of a non-commercial motor vehicle licensed up to 26,000 pounds to apply for a special personalized license plate.

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 Transportation
Department of Corrections
Department of Insurance, Financial Institutions and Professional Registration
Department of Public Safety
Missouri Highway Patrol



Mickey Wilson, CPA
Director
March 16, 2015

Ross Strobe
Assistant Director
March 16, 2015