

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1891-01
Bill No.: HB 898
Subject: Department of Revenue; Licenses - Motor Vehicle; Law Enforcement Officers and Agencies
Type: Original
Date: February 22, 2019

Bill Summary: This proposal establishes a “Back the Blue” special license plate.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$29,861) to (\$72,598)	(\$984) to (\$81,615)	(\$984) to (\$82,296)
Total Estimated Net Effect on General Revenue	(\$29,861) to (\$72,598)	(\$984) to (\$81,615)	(\$984) to (\$82,296)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Highway Fund	\$1,875	\$2,250	\$2,250
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,875	\$2,250	\$2,250

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

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 2020	FY 2021	FY 2022
Local Government	\$625	\$750	\$750

FISCAL ANALYSIS

ASSUMPTION

According to a report provided by the Department of Revenue, **Oversight** notes there are currently 196 different types of specialty license plate designs available in Missouri. From these 196 specialty license plates, there were 57,790 registrations as of January 31, 2019:

0 Registrations	Less than 100 Registrations	Less than 1,000 Registrations	More than 1,000 Registrations
42	87	52	15

Source: Department of Revenue

For most designs, there is a \$15 initial fee to apply for each specialty license plate and a \$15 annual renewal fee. However, the following designs do not have the \$15 fee; Congressional Medal of Honor (RSMo 301.145), Disabled Veteran (RSMo 301.071), Former Prisoner of War (RSMo 301.443), Purple Heart (RSMo 301.451), Retired Military Air Force (RSMo 301.441), Retired Military Army (RSMo 301.441), Retired Military Coast Guard (RSMo 301.441), Retired Military Marine (RSMo 301.441), Retired Military Marine Corps League (RSMo 301.441), Retired Military Merchant Marine (RSMo 301.441), Retired Military National Guard (RSMo 301.441), Retired Military Navy (RSMo 301.441), and We Shall Not Forget (RSMo 301.3142).

Officials at the **Department of Revenue (DOR)** assume the following regarding this proposal:

Administrative Impact

To implement the proposed legislation, the Department will be required to:

- Update procedures and the Department website;
- Update the Application for Missouri Personalized and Specialty License Plate (DOR-1716);
- Communicate with the Missouri Law Enforcement Memorial Foundation for development of the license plate; and
- Complete programming and user acceptance testing for identified systems.

FY 2020 - Motor Vehicle Bureau

Management Analysis Spec I	160 hrs. @ \$18.42 per hr.	= \$2,947
Administrative Analyst II	80 hrs. @ \$17.13 per hr.	= <u>\$1,370</u>
Total		= \$4,317

ASSUMPTION (continued)

Administrative Impact (continued)

FY 2020 - Personnel Services Bureau

Administrative Analyst III 10 hrs. @ \$19.80 per hr. = \$ 198

Total Costs = \$4,515

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

DOR notes the following:

Set-up cost:

The Department is charged \$5,215 for the initial set-up, design, and programming for a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY 2020.

Plate manufacturing cost:

The Department pays \$3.75 per plate for manufacturing flat plates through Missouri Vocational Enterprises (MVE).

It is unknown how many applicants would apply for these license plates. The Department is assuming 200 applicants per year at a cost to the Department of \$625 (10 months) in FY 2020 and \$750 in FY 2021 and FY 2022.

Mailings:

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

The mailing cost will be \$93 (10 months) in FY 2020 and \$111 in FY 2021 and FY 2022.

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.

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

ASSUMPTION (continued)

Administrative Impact (continued)

Assuming 200 applications per year at a cost of \$103 (10 months) in FY 2020 and \$123 in FY 2021 and FY 2022 for letters (\$0.025), envelopes (\$0.040), and postage (\$0.55).

Oversight assumes DOR will incur costs related to this proposal; therefore, Oversight will reflect the plate set-up, plate manufacturing and mailing costs on the fiscal note (\$5,125 + \$625 + \$93 + \$103 = \$5,946 in FY 2020) and (\$750 + \$111 + \$123 = \$984 in FY 2021 and FY 2022).

DOR notes OA-ITSD services will be required at a cost of \$23,895 (318.6 hours x \$75 per hour) in FY 2020.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed to the TRIPS and OPPRS systems. ITSD estimates the project would take 141.48 hours at a contract rate of \$75 per hour for a total cost to the state of \$23,895. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$23,895) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

Revenue Impact

DOR notes this proposal will result in an increase in the \$15 specialty plate reservation fees collected. It is unknown how many applicants will elect to obtain a Back the Blue specialty plate, but the increase should be minimal. \$15 specialty plate reservation fees are split 75-15-10 to Highways, Cities, and Counties.

Oversight assumes, based on DOR's assumptions for costs associated with the specialty plates, 200 applicants may choose to receive this specialty plate, resulting in \$3,000 per year in revenue.

ASSUMPTION (continued)

Revenue Impact (continued)

	FY 2020 (10 Mos.)	FY 2021	FY 2022
Highway Fund	\$1,875	\$2,250	\$2,250
Cities	\$375	\$450	\$450
Counties	\$250	\$300	\$300

Source: Oversight

Officials from the **Department of Transportation (MoDOT)** assume the proposal will have no fiscal impact on their organization.

Oversight notes that MoDOT has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for MoDOT.

Officials from the **Office of the Secretary of State (SOS)** assume 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 SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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 require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

ASSUMPTION (continued)

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost</u> - DOR - one-time plate set-up fee p. 4	(\$5,125)	\$0	\$0
<u>Cost</u> - DOR - plate manufacturing fee p. 4	(\$625)	(\$750)	(\$750)
<u>Cost</u> - DOR - mailings p. 4-5	(\$216)	(\$234)	(\$234)
Cost - DOR - ITSD costs (ranged from contracting out programming (\$23,895) to hiring additional FTE IT Specialist) p. 5	(\$23,895) to <u>(\$66,632)</u>	\$0 to (\$80,631)	\$0 to (\$81,312)
Net FTE Change (ITSD)	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$29,861) to <u>(\$72,598)</u>	(\$984) to <u>(\$81,615)</u>	(\$984) to <u>(\$82,296)</u>
Estimated Net FTE Change to the General Revenue Fund	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
HIGHWAY FUND			
<u>Revenue</u> - specialty plate fees p. 5-6	<u>\$1,875</u>	<u>\$2,250</u>	<u>\$2,250</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$1,875</u>	<u>\$2,250</u>	<u>\$2,250</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Cities (15%) - specialty plate fees p. 5-6	\$375	\$450	\$450
<u>Revenue</u> - Counties (10%) - specialty plate fees p. 5-6	<u>\$250</u>	<u>\$300</u>	<u>\$300</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$625</u>	<u>\$750</u>	<u>\$750</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill creates a "Back the Blue" license plate which will be available for a \$10 contribution to the Missouri Law Enforcement Memorial Foundation and a \$15 fee in addition to normal registration costs. The Missouri Department of Revenue may specify the design in accordance with statutory criteria and may enact rules for the program.

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

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SOURCES OF INFORMATION

Department of Revenue
Department of Transportation
Office of the Secretary of State
Joint Committee on Administrative Rules



Kyle Rieman
Director
February 22, 2019

Ross Strobe
Assistant Director
February 22, 2019