

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5000-01  
Bill No.: HB 2301  
Subject: Transportation; Roads and Highways; Motor Vehicles; Fees  
Type: Original  
Date: March 10, 2020

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Bill Summary: This proposal establishes miles-per-gallon-based motor vehicle registration fees.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue*	(\$2,113,765)	\$0	\$1,786,494
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$2,113,765)</b>	<b>\$0</b>	<b>\$1,786,494</b>

\*Oversight notes this does not reflect the prospect of purchasing a new Motor Vehicle and Driver License Integrated System, which the Department of Revenue has estimated to cost \$105,000,000 - or \$35,000,000 annually over the three years scope of the fiscal note.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Highway Fund	\$0	\$0	\$46,758,058
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,758,058</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,586,019</b>

## FISCAL ANALYSIS

### ASSUMPTION

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

#### §§301.020 & 301.055

Proposed legislation eliminates passenger registration assessment by taxable horsepower rate to assessment based on motor vehicle's fuel economy rating in miles per gallon (MPG).

In order to evaluate MPG rating as outlined by the proposed language, necessary software and system enhancements for the majority of the department's motor vehicle systems would be required to implement the mandated assessment rating.

Furthermore, language establishes an annual registration assessment fee for plug-in electric hybrid vehicles (plug-in) as \$112.50, electric vehicles as \$125.00, and modifies motorcycle registration from \$8.50 to \$10.00.

#### §301.057

Proposed language restructures the annual assessment fee for property-carrying commercial motor vehicles, not including property-carrying local commercial motor vehicles, or land improvement commercial motor vehicles. As outlined, the new fee structure will eliminate three, current itemized ranges for vehicles with a gross weight of 6,000 pounds and under, 6,001 pounds to 9,000, and 9,001 pounds to 12,000 and incorporate them under one range of 12,000 pound or less with an annual registration fee of \$25.

With the elimination of the (3) gross weight ranges, the department assumes necessary actions will be required to convert all applicable registrations to reflect the new gross weight range and fee (where applicable), at the time of the next registration transactions.

#### §301.058

Proposed language restructures the annual assessment fee for property-carrying local commercial motor vehicles, not land improvement motor vehicles.

As outlined, the new fee structure will eliminate three current itemized ranges for vehicles with a gross weight of 6,000 pounds and under, 6,001 pounds to 12,000, and 12,001 pounds to 18,000 and incorporate them under one range of 18,000 pound or less with an annual registration fee of \$25.

ASSUMPTION (continued)

With the elimination of the three gross weight ranges, the department assumes necessary actions will be required to convert all applicable registrations to reflect the new gross weight range and fee (where applicable), at the time of the next registration transactions. Furthermore, personalized and specialty plate owners of said referenced gross weight will be required to have their plate updated to reflect the gross weight rating of 18,000.

Administrative Impact

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

- Update department policies and procedures (online and printed versions);
- Update the website to reflect proposed changes;
- Write business requirements, hold and attend design meetings, create test cases, complete user acceptance testing, and be responsible for post deployment testing; and
- Implement a level 3 media plan for the implementation of MPA rating fee assessment and restructure of gross weight registration assessment.

FY 2021 - Communications and Strategy Office

Administrative Analyst I	10 hrs. @ \$18.75 per hr.	= \$	188
Total		\$	188

FY 2021 - Motor Vehicle Bureau

Administrative Analyst I	38 hrs. @ \$14.70 per hr.	= \$	559
Management Analysis Spec I	300 hrs. @ \$18.42 per hr.	= \$	5,526
Management Analysis Spec II	75 hrs. @ \$20.57 per hr.	= \$	1,543
Revenue Processing Tech. II	38 hrs. @ \$13.07 per hr.	= \$	497
Revenue Manager	9 hrs. @ \$20.59 per hr.	= \$	185
Total		\$	8,309

**Total:** **\$ 8,498**

**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 to implement the provisions of this legislation, the Department would require funding in the amount of **\$105,000,000** for a new Motor Vehicle and Driver License Integrated system (broken down into \$35,000,000 per fiscal year).

ASSUMPTION (continued)

Below is the ITSD cost if implementation is required without a new integrated system.

**\$2,113,765** (22,250 hours x \$95 per hour) in FY 2021

**Oversight** does not have any information to the contrary in regards to DOR’s OA-ITSD assumptions; therefore, Oversight will reflect DOR’s costs on the fiscal note.

Oversight notes this does not reflect the prospect of purchasing a new Motor Vehicle and Driver License Integrated System, which the Department of Revenue has estimated to cost \$105,000,000 - or \$35,000,000 annually over the three years scope of the fiscal note.

Revenue Impact

§301.055

**DOR** notes passenger vehicle registration will increase in revenue as displayed below. \*MPG model revenue projections were received from the Missouri Department of Transportation. Existing Taxable Horsepower numbers (THP) came from the Department of Revenue Fiscal Year data. Data is based on 2% inflation per year.

FY 2021

Number of Vehicles: 4,489,036

Projected Revenue (per MoDOT model): \$153,943,432

Distribution	Existing Taxable Horsepower	Proposed Miles Per Gallon	Difference in Revenue
	\$92,533,176	\$149,325,129	\$56,791,953
DOR*	\$3,226,719	\$4,618,303	\$1,391,584
MoDOT	\$66,979,843	\$108,530,120	\$41,550,277
Cities (15%)	\$13,395,969	\$21,706,024	\$8,310,055
Counties (10%)	\$8,930,646	\$14,470,683	\$5,540,037

\*DOR can retain 2% of collections which is deposited into General Revenue

ASSUMPTION (continued)

FY 2022

Number of Vehicles: 4,544,641

Projected Revenue (per MoDOT model): \$161,551,819

Distribution	Existing Taxable Horsepower	Proposed Miles Per Gallon	Difference in Revenue
	\$94,383,840	\$156,705,264	\$62,321,424
DOR*	\$3,266,688	\$4,846,555	\$1,579,867
MoDOT	\$68,337,864	\$113,894,032	\$45,556,168
Cities (15%)	\$13,667,573	\$22,778,806	\$9,111,234
Counties (10%)	\$9,111,715	\$15,185,871	\$6,074,156

\*DOR can retain 2% of collections which is deposited into General Revenue

FY 2023

Number of Vehicles: 4,604,096

Projected Revenue (per MoDOT model): \$169,863,954

Distribution	Existing Taxable Horsepower	Proposed Miles Per Gallon	Difference in Revenue
	\$96,271,516	\$164,768,035	\$68,496,519
DOR*	\$3,309,424	\$5,095,919	\$1,786,494
MoDOT	\$69,728,569	\$119,754,088	\$50,032,519
Cities (15%)	\$13,944,314	\$23,950,818	\$10,006,504
Counties (10%)	\$9,296,209	\$15,967,212	\$6,671,002

\*DOR can retain 2% of collections which is deposited into General Revenue

Plug-in electric hybrid vehicles and electric vehicles are currently registered at the lowest passenger vehicle level, and the system does not separate the two. Therefore, there is not a way to determine the impact creating separate fees and the impact of increasing those fees. However, due to the low number of these types of vehicles currently, the Department believes the annual increase in registration fees will be minimal.

ASSUMPTION (continued)

The department will experience a minimal increase in revenue due to the increase in annual registration fee assessment for motorcycle registrations in the amount of **\$208,554** (fees are distributed 75% to the Highway Fund/15% to Cities/10% to Counties).

<b>FY 2019 Motorcycle Registrations</b>	<b>Current Fee</b>	<b>Proposed Fee</b>	<b>Difference</b>	<b>Total Revenue Increase (FY 2023)</b>
139,036	\$8.50	\$10.00	\$1.50	\$208,554.00

§§301.057 & 301.058

The department will experience an estimated revenue loss as it relates to the revised gross weight registration fee structure for local and beyond local truck registrations (fees are distributed 75% to the Highway Fund/15% to Cities/10% to Counties)..

<b>Current Truck Weight Registration</b>	<b>Number of Registrations</b>	<b>Current Fee</b>	<b>Current Revenue</b>	<b>Proposed Fee</b>	<b>Proposed Revenue</b>	<b>Total Change in Revenue (FY 2023)</b>
Local 6,000 lb	13,803	\$15.50	\$213,947	\$25.00	\$345,075	\$131,129
Beyond Local 6,000 lb	764,277	\$25.50	\$19,489,064	\$25.00	\$19,106,925	(\$382,139)
Local 12,000	6,609	\$18.00	\$118,962	\$25.00	\$165,225	\$46,263
Beyond Local 12,000 lb	336,135	\$38.00	\$12,773,130	\$25.00	\$8,403,375	(\$4,369,755)
<b>Total</b>						<b>(\$4,574,502)</b>

**Oversight** does not have any information to the contrary in regards to DOR’s assumptions; therefore, Oversight will reflect DOR’s revenue estimates on the fiscal note. Oversight notes the effective date of this proposal is July 1, 2022 (FY 2023); therefore, Oversight will only reflect the revenue estimates for FY 2023 on the fiscal note.

Officials from the **Department of Transportation** defer to DOR for the fiscal impact of this proposal.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

**Oversight** notes that MHP 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 MHP.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>GENERAL REVENUE FUND</b>			
<u>Revenue</u> - DOR - 2% collection fee	\$0	\$0	\$1,786,494
<u>Cost</u> - DOR - new integrated system vs. OA-ITSD costs	<u>(\$2,113,765)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$2,113,765)</u></b>	<b><u>\$0</u></b>	<b><u>\$1,786,494</u></b>
<b>HIGHWAY FUND</b>			
<u>Revenue</u> - MoDOT - increased fees for miles per gallon based fee schedule p. 6	\$0	\$0	\$50,032,519
<u>Revenue</u> - MoDOT - increased fee for motorcycle registrations p. 7	\$0	\$0	\$156,416
<u>Loss</u> - MoDOT - change in fee structure for trucks over 6,000 lbs p. 7	<u>\$0</u>	<u>\$0</u>	<u>(\$3,430,877)</u>
<b>ESTIMATED NET EFFECT ON THE HIGHWAY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$46,758,058</u></b>



<u>FISCAL IMPACT - Local Government</u>	FY 2021	FY 2022	FY 2023
	(10 Mo.)		
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue</u> - Cities (15%) - increased fees for miles per gallon based fee schedule p. 6	\$0	\$0	\$10,006,504
<u>Revenue</u> - Counties (10%) - increased fees for miles per gallon based fee schedule p. 6			\$6,671,002
<u>Revenue</u> - Cities (15%) - increased fee for motorcycle registrations p. 7	\$0	\$0	\$31,283
<u>Revenue</u> - Counties (10%) - increased fee for motorcycle registrations p. 7	\$0	\$0	\$20,855
<u>Loss</u> - Cities (15%) - change in fee structure for trucks over 6,000 lbs p. 7	\$0	\$0	(\$686,175)
<u>Loss</u> - Counties (10%) - change in fee structure for trucks over 6,000 lbs p. 7	<u>\$0</u>	<u>\$0</u>	<u>(\$457,450)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$15,586,019</u></b>

FISCAL IMPACT - Small Business

Small businesses with vehicles could pay more or less to register those vehicles with the Department of Revenue as a result of this proposal.

FISCAL DESCRIPTION

This bill mandates the filing of miles per gallon fuel ratings when a vehicle is registered, prescribes methods for determining miles per gallon ratings, and adjusts certain fees based on ratings.

FISCAL DESCRIPTION (continued)

The annual registration fee for motor vehicles other than commercial motor vehicles will be determined based upon the motor vehicle's combined city/highway miles per gallon rating.

Motor vehicles with a combined city/highway miles per gallon rating of 19 MPG or less will pay \$25.

Motor vehicles with a combined city/highway miles per gallon rating greater than 19 MPG, will pay an additional fee, as follows:

- 1) For motor vehicles with a rating greater than 19 MPG, up to and including 29 MPG, \$32;
- 2) For motor vehicles with a rating greater than 29 MPG, up to and including 39 MPG, \$39;
- 3) For motor vehicles with a rating greater than 39 MPG, up to and including 49 MPG, \$46;
- 4) For motor vehicles with a rating greater than 49 MPG, up to and including 59 MPG, \$53;
- 5) For motor vehicles with a rating equal to or greater than 60 MPG, \$75.

The annual registration fee for plug-in electric hybrid vehicles will be \$112, and for electric vehicles, \$125.

The annual registration fee for motorcycles, motortricycles, and autocycles shall be \$10.

The minimum annual registration fee for property-carrying commercial motor vehicles and local property-carrying commercial motor vehicles, respectively, is \$25 for up to 12,000 pounds gross weight, and \$25 for up to 18,000 pounds gross weight.

This bill has an effective date of July 1, 2022.

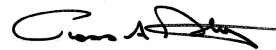
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Department of Transportation  
Department of Public Safety - Missouri Highway Patrol



Julie Morff  
Director  
March 10, 2020



Ross Strope  
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March 10, 2020