

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2225H.01I
Bill No.: HB 1397
Subject: Licenses - Motor Vehicle; Motor Vehicles; Department of Revenue
Type: Original
Date: April 19, 2023

Bill Summary: This proposal modifies fees for new or reissued special personalized license plates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund*	(\$689,647)	(\$795,270)	(\$795,270)
Total Estimated Net Effect on General Revenue	(\$689,647)	(\$795,270)	(\$795,270)

*Loss of revenue due to not collecting the \$15 special personalized license plate for renewals. This is net of the additional revenue from increasing the fee from \$15 to \$30 for new or reissued specialty plates.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from 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 internal procedures, forms, and Department website;
- Implement identified system changes and conduct UAT testing;
- Train Staff

FY2024 – Motor Vehicle Bureau (MVB)

Associate Research/Data Analyst 107 hrs. @ \$21.56 per hr. = \$2,307

Research/Data Analyst 27 hrs. @ \$26.91 per hr. = \$727

Administrative Manager 14 hrs. @ \$29.21 per hr. = \$409

Total \$3,443

FY 2024 – Strategy and Communications Bureau

Research/Data Assistant 100 hrs. @ \$26.91 per hr. = \$2,691

Associate Research/Data Analyst 20 hrs. @ \$21.56 per hr. = \$431

Total = \$3,122

Total cost: **\$6,565**

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 OA-ITSD services will be required at a cost of **\$26,922** in FY 2024 (283.39 hours x \$95 per hour).

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

Revenue Impact

DOR notes, during July 2021 – July 2022 (The whole month of July 2022 was included) the department processed the following personalized plates new, renewed, and reserved:

New 2,373 totaling \$35,595
Renewed 73,113 totaling \$1,096,695
Reserved new 17,722 totaling \$265,830

This legislation will result in an estimated increase of \$301,425 (\$35,595 + \$265,830) the first two years of implementation. Due to the loss of the \$15 fee upon renewal, an estimated loss of up to \$1,096,695 will be represented for FY 2026 and beyond.

Oversight has requested additional information from Department of Revenue regarding their estimate.

Oversight does not have information to the contrary; therefore, Oversight will reflect the increase in revenue due to doubling the initial fee for specialty plates and the decrease in revenue due to not collecting a fee for renewal specialty plates for all fiscal years as the effective date of this proposal, which will be August 28, 2023 (FY 2024).

Officials from the **Missouri Department of Transportation** and **Missouri Highway Patrol** each defer to DOR for the potential fiscal impact of this proposal.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Revenue</u> – increase due to increasing the initial fee for specialty plates from \$15 to \$30	\$251,188	\$301,425	\$301,425
<u>Cost</u> – DOR – OA-ITSD services	(\$26,922)	\$0	\$0
<u>Loss</u> – loss of the \$15 fee for renewed specialty plates	(\$913,913)	(\$1,096,695)	(\$1,096,695)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$689,647)	(\$795,270)	(\$795,270)

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<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.

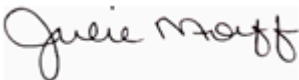
FISCAL DESCRIPTION

Currently, special personalized license plates cost an additional \$15 over the regular registration fees. This bill increases the special personalized license fee to \$30, and specifies that the increased amount will only be charged for new or reissued plates and not annually upon renewal of existing plates.

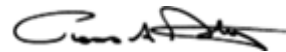
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Missouri Department of Transportation
Missouri Highway Patrol



Julie Morff
Director
April 19, 2023



Ross Strobe
Assistant Director
April 19, 2023