

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4337-01
Bill No.: HB 1335
Subject: Licenses – Motor Vehicle; Motor Vehicles; Revenue Dept.
Type: Original
Date: March 9, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	\$0 to (\$112,537)	\$0 to (\$130,584)	\$0 to (\$133,975)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$112,537)	\$0 to (\$130,584)	\$0 to (\$133,975)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Highway Fund	(\$14,939) to (\$54,512)	\$12,325 to \$110,200	\$12,325 to \$110,200
Missouri Freedom=Choice Support Fund*	\$27,083 to \$208,333	\$32,500 to \$250,000	\$32,500 to \$250,000
Total Estimated Net Effect on <u>Other</u> State Funds	(\$12,144) to \$153,821	\$44,825 to \$360,200	\$44,825 to \$360,200

*Fund to be created by this act.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$4,063 to \$31,250	\$4,875 to \$37,500	\$4,875 to \$37,500

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Transportation and Department of Social Services** assume this proposal would have no fiscal impact on their agencies.

Officials with the **State Treasurer's Office (STO)** assume this proposal provides for no responsible agency to administer the acceptance and deposit of donations to the fund, creating possible fiscal impact. **Oversight** assumes that the Director of Revenue shall be responsible for acceptance and deposit of such funds and that STO will manage the funds in a manner similar all other state receipts.

Officials with the **Department of Health and Senior Services (DHSS)** assume that this act does not specify which department or agency will administer the Missouri Freedom=Choice Support Fund identified in 301.3135. However, DHSS assumes that it would be the agency assigned for program implementation. To implement the programs mandated by this act, DHSS would require new staff, comprised of one Health Program Representative III (1.0 FTE) and one Health Program Representative II (1.0 FTE) for planning, implementation, contract management, and administrative and fiscal management of the program.

ASSUMPTION (continued)

DHSS assumes that because administrative expenses are not authorized uses of the Missouri Freedom=Choice Support Fund, general revenue would be necessary to support this program. Assuming that funds were made available to DHSS, administering this program would require salaries and fringe benefits totaling \$84,784 in FY05, \$105,514 in FY06, and \$108,152 in FY07. Also required would be equipment and expense for office supplies, office equipment, and travel in the amount of \$26,753 in FY05, \$25,070 in FY06, and \$25,823 in FY07. **Oversight** assumes that due to the uncertain potential of Missouri Freedom=Choice Support Fund receipts, the timing and scope of the implementation of this program are unknown, thus the costs would range from \$0 to the estimates provided by DHSS.

Officials with the **Department of Revenue – Division of Motor Vehicle and Drivers Bureau (DVSB)** are unable to determine the exact number of Freedom=Choice license plates that would be issued, but estimate a potential range of applications from 1,300 to 10,000. If the volume of applications for this plate type substantially exceeds 10,000, the department may require additional appropriations. There is a \$15 application fee and a \$25 emblem use contribution credited to the Missouri Freedom=Choice Support Fund. DVSB assumes application fee income as follows:

FY 05 (10 months) Income

1,083 to 8,333 plates issued * \$15 plate fee	\$16,251 to \$125,000
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FY 06 Income

1,300 to 10,000 plates issued * \$15 plate fee	\$19,500 to \$150,000
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FY 07 Income

1,300 to 10,000 plates issued * \$15 plate fee	\$19,500 to \$150,000
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According to the Missouri Constitution, this revenue is to be dispersed in the following manner:

State Road Fund	75%
Cities	15%
Counties	10%

DVSB noted that prior to 2002, specialty plates were developed, designed and provided to DOR by the Missouri Vocational Enterprises. The Missouri Vocational Enterprises has since contracted with a vendor to now provide all Missouri specialty plates. The costs will be shown for all specialty license plate bills accordingly.

ASSUMPTION (continued)

This contract requires DOR to pay:

- \$250 new plate design set-up fee (if applicable)
- \$50 per modification for a new plate design (if applicable)
- \$80 per revision to existing plate designs (if applicable)
- \$4.50 per plate for freight shipping to DOR

DOR further assumed their agency could incur cost for procedures, mailings to agencies, plates, tabs and storage at the State Data Center. Their agency could need a Clerk Typist II working overtime to process the additional applications. Should applications for Respect Life Plates reach the upper limits of DOR's estimated range, DVSB would require 1 Revenue Licensing Technician II for 667 hours of overtime to perform editing, correspondence, validation, key entry, telephone, and customer walk-in assistance.

Officials with **DOR – Information and Technology Bureau (ITB)** assumed that implementing this proposal could require 180 hours of overtime programming to modify the special plate reservation program, the renewal pull program for fees and the Uniform Field Office System.

FY 05 Cost

Form changes and Envelopes	\$927 to \$1,929
Literature	\$1,800
Postage	\$8,536 to \$64,651
Plates and Tabs Actual Cost	\$8,112 to \$62,400
Sample Plates	\$1,275
Storage at State Data Center	\$500
Overtime Compensation–Clerk/Clerical	\$1,756 to \$11,486
Overtime Compensation–Programming	<u>\$4,221</u>
Total	\$27,127 to \$148,262

FY 06 Cost

Literature	\$1,800
Storage at State Data Center	<u>\$500</u>
Total	\$2,300

FY 07 Cost

Literature	\$1,800
Storage at State Data Center	<u>\$500</u>
Total	\$2,300

ASSUMPTION (continued)

To implement this legislation, DOR could require additional funds. **Oversight** notes that this legislation permits the General Assembly to appropriate monies annually from the Missouri Freedom=Choice Support Fund to offset the costs incurred by DOR to implement this legislation. In the past, however, the programs included in this legislation have been paid for with highway funds. This year, however, highway funds may not be available for this purpose as a result of legislation enacted by the General Assembly in 2000 that limits the use of highway funds.

This limitation is found in Section 226.200.3, RSMo. It places a cap on the highway funding available to state departments other than the Department of Transportation. The total amount of highway funds appropriated to these other state departments (including the DOR) cannot exceed the total amount of their fiscal year 2001 highway appropriations. This cap limits the highway funds that will be available for the implementation of this legislation.

If highway funds are not available, then another source of funding must be identified to pay for the cost of implementing this legislation.

Using the range of estimates provided by DOR, **Oversight** assumes revenues into the Missouri Freedom=Choice Support Fund stemming from the purchases of Respect Life license plates would total \$27,083 to \$208,333 in FY05, \$32,500 to \$250,000 in FY06, and \$32,500 to \$250,000 in FY07.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL FUND			
<u>Expense – DHSS</u>			
Salaries and Fringe Benefits	\$0 to (\$85,784)	\$0 to (\$105,514)	\$0 to (\$108,152)
Equipment and Expense	<u>\$0 to (\$26,753)</u>	<u>\$0 to (\$25,070)</u>	<u>\$0 to (\$25,823)</u>
<u>Total Expense – DHSS</u>	<u>\$0 to (\$112,537)</u>	<u>\$0 to (\$130,584)</u>	<u>\$0 to (\$133,975)</u>
NET ESTIMATED EFFECT ON GENERAL FUND	\$0 to <u>(\$112,537)</u>	\$0 to <u>(\$130,584)</u>	\$0 to <u>(\$133,975)</u>

HIGHWAY FUND

Income – DOR

License Plate Fees	\$12,188 to \$93,750	\$14,625 to \$112,500	\$14,625 to \$112,500
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Cost – DOR

Forms/Publications and Postage	(\$11,263) to (\$68,380)	(\$1,800)	(\$1,800)
Salaries	(\$5,977) to (\$15,707)	\$0	\$0
Storage	(\$500)	(\$500)	(\$500)
Plates and Tabs	(\$9,387) to <u>(\$63,675)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Cost – DOR</u>	(\$27,127) to <u>(\$148,262)</u>	<u>(\$2,300)</u>	<u>(\$2,300)</u>

NET ESTIMATED EFFECT ON HIGHWAY FUND	\$(14,939) to <u>(\$54,512)</u>	\$12,325 to <u>\$110,200</u>	\$12,325 to <u>\$110,200</u>
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MISSOURI FREEDOM=CHOICE SUPPORT FUND*

Revenue – DOR

Freedom=Choice License Plate Use Contributions	\$27,083 to <u>\$208,333</u>	\$32,500 to <u>\$250,000</u>	\$32,500 to <u>\$250,000</u>
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NET ESTIMATED EFFECT ON MISSOURI FREEDOM=CHOICE SUPPORT FUND*	\$27,083 to <u>\$208,333</u>	\$32,500 to <u>\$250,000</u>	\$32,500 to <u>\$250,000</u>
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*Fund to be created by this act.

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<u>Income – Cities</u>			
License Plate Fees	\$2,438 to \$18,750	\$2,925 to \$22,500	\$2,925 to \$22,500
<u>Income – Counties</u>			
License Plate Fees	\$1,625 to <u>\$12,500</u>	\$1,950 to <u>\$15,000</u>	\$1,950 to <u>\$15,000</u>
NET ESTIMATED EFFECT ON LOCAL FUNDS	\$4,063 to <u>\$31,250</u>	\$4,875 to <u>\$37,500</u>	\$4,875 to <u>\$37,500</u>

FISCAL IMPACT - Small Business

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

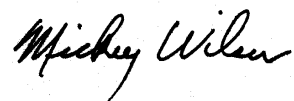
DESCRIPTION

This legislation creates Freedom=Choice license plates, which motor vehicles owners may acquire if they contribute at least \$25 annually (\$50 for biennial registration) to the Missouri Freedom=Choice Support Fund, a fund to be created by this act.

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

SOURCES OF INFORMATION

Department of Revenue
Office of Administration
Department of Transportation
Department of Health and Senior Services
Department of Social Services



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