

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4321-02
Bill No.: HB 1382
Subject: Licenses - Motor Vehicles; Motor Vehicles; Revenue Department; Veterans
Type: #Corrected
Date: March 15, 2006
#Corrected assumptions regarding Department of Revenue costs

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
#General Revenue	\$0	\$0	\$0
#Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Highway Funds	\$3,731	\$4,478	\$4,478
Total Estimated Net Effect on <u>Other</u> State Funds	\$3,731	\$4,478	\$4,478

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$1,243	\$1,492	\$1,492

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state this legislation removes the current limitation on the number of sets of plates that may be obtained for special military plates. It provides there shall be no limit on the number of sets of plates that a person can get if they qualify under the specific section.

DOR states Constitutional Amendment 3 (2004) authorizes 3% of highway funds to be used to offset the actual cost to collect such funds by the Department of Revenue.

For purposes of this fiscal note, DOR assumes all costs will be appropriated from the general revenue fund. Through the appropriations process, the general assembly may appropriate the constitutionally permissible highway fund amount to offset the general revenue fund cost shown in this fiscal note.

DOR will need to modify specialty plate policy and procedures.

DOR assumes that 20% of the military plate applicants would obtain a second set of military plates and pay the \$15 specialty plate fee during fiscal year 2007. The projected revenue increase would be as noted below. For Purple Heart plates, only a 5% increase is expected as these plate

ASSUMPTION (continued)

applicants can already obtain two sets of Purple Heart plates. Additionally, Purple Heart plate applicants only pay the \$15 specialty plate fee one time.

There are currently 3,485 military registrations with the specialty plates referenced in this bill. Of these, 1,989 are purple heart plate applicants and 1,496 are not Purple Heart registrations. DOR assumes an additional 99 purple heart plate applicants (1,989 x 5%) and an additional 299 (1,496 x 20%) non-Purple Heart plate applicants.

DOR assumes an increase in the number of specialty plates of 398 (99 + 299), which correlates into increased revenue of \$5,970 (398 x \$15). For FY 2007 (10 months), DOR assumes income of \$4,975 (\$5,970 /12 x 10). This revenue is broken out between the State Highway Fund (75%), cities (15%) and counties (10%), or \$4,478 (75% x \$5,970) for the State, \$895 (15% x \$5,970) for cities and \$597 (10% x \$5,970).

DOR also assumes they will be required to mail out notifications for the additional 398 plates when they become available for pickup at the contract office and ship the plates to the contract office. Additional printing, envelope, plate and postage expenses in the amount of \$4,409 will be incurred in FY 2007.

Oversight assumes DOR can absorb the costs estimated in the proposal within existing resources. However, the addition of similar proposals would cause DOR to request additional funding to cover the cumulative effect of the proposals.

<u>#FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
HIGHWAY FUNDS			
<u>Income</u> - additional license plate fees for veterans getting more than one plate	<u>\$3,371</u>	<u>\$4,478</u>	<u>\$4,478</u>
ESTIMATED NET EFFECT TO HIGHWAY FUNDS	<u>\$3,371</u>	<u>\$4,478</u>	<u>\$4,478</u>

FISCAL IMPACT - Local Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

CITIES

Income - additional license plate fees for
veterans getting more than one plate

\$746

\$895

\$895

COUNTIES

Income - additional license plate fees for
veterans getting more than one plate

\$497

\$597

\$597

**ESTIMATED NET EFFECT TO
CITIES AND COUNTIES**

\$1,243

\$1,492

\$1,492

FISCAL IMPACT - Small Business

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

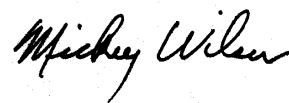
DESCRIPTION

This proposal removes the one-set limit on special military license plates that may be issued to a qualified applicant.

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



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