

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2233-01
Bill No.: HB 931
Subject: Licenses - Motor Vehicle: Motor Vehicles; Revenue Department
Type: Original
Date: April 10, 2007

Bill Summary: Prevents the Department of Revenue from contracting with other entities to mail motor vehicle registration notices and prohibits commercial inserts and other advertising from accompanying the notice.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$664,333)	(\$791,380)	(\$811,342)
Total Estimated Net Effect on General Revenue Fund	(\$664,333)	(\$791,380)	(\$811,342)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Department of Revenue (DOR)**, by eliminating advertising in renewal notices, DOS will have to incur all printing and envelope costs as well additional postage costs for 3.8 million renewal notices each year. These expenses are \$538,333 in FY 08, \$665,380 in FY 09, and \$685,342 in FY 10, in addition to the \$.18 per renewal notice for postage DOR currently pays.

State Data Center costs would include: printing cost of approximately 3.8 million renewals at 3 cents per renewal totaling \$114,000 per year. Run time costs of the Extract and Formatting programs would be \$12,000 per year.

Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing existing resources of 3 existing CIT III's for 2 months at a rate of \$4,186. However, if priorities shift and additional FTE/overtime would be needed to implement, the cost will be approximately \$ 25,086. They plan to use existing resources to implement this legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Cost - DOR - Printing, envelope, and postage costs for vehicle renewal notices</u>	<u>(\$664,333)</u>	<u>(\$791,380)</u>	<u>(\$811,342)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$664,333)</u>	<u>(\$791,380)</u>	<u>(\$811,342)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<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

This proposal prohibits the Department of Revenue from contracting with any entity to mail motor vehicle registration notices, and no commercial inserts or other advertising can accompany the notice.

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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