

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4099-01
Bill No.: HB 1780
Subject: Motor Vehicles; Revenue Department
Type: Original
Date: January 28, 2008

Bill Summary: Prohibits advertisements in driver's license renewal notifications.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$793,000)	(\$970,878)	(\$1,000,006)
Total Estimated Net Effect on General Revenue Fund	(\$793,000)	(\$970,878)	(\$1,000,006)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state that forms, printing, and envelope costs are now paid for by a vendor in accordance with a contract, in return for DOR allowing advertising to be included with the notices. Renewal notices are printed utilizing a professional flyer that uses color to distinguish pertinent information about the vehicle renewal registrations. The information contained in these color sections specifically indicates the requirements for renewal and what needs to be submitted for compliance. In addition, the notice may highlight public safety issues and law changes.

DOR assumes the following to ensure that the quality of renewal notices is maintained:

- Incur all forms and printing/envelope costs.
- Additional postage costs for 3.4 million renewal notices each year. DOR only pays \$.191 per renewal notice for postage because this is at the postcard rate.
- Incur maintenance costs for the machine that inserts/folds the renewals in the Mail Service Center at \$45,000 each year.

These expenses are estimated at \$793,000 in FY'09, \$970,878 in FY'10, and \$1,000,006 in FY'11.

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing 3 existing CIT III's for 2 months at a rate of \$25,116. ITSD DOR estimates the IT portion of this request can be accomplished within existing resources; however, if priorities shift, additional FTE/overtime would be needed to implement. Funding would be requested through the budget process.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Cost -DOR - Printing, envelope, postage, and maintenance costs for vehicle registration renewal notices</u>	<u>(\$793,000)</u>	<u>(\$970,878)</u>	<u>(\$1,000,006)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$793,000)</u>	<u>(\$970,878)</u>	<u>(\$1,000,006)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
	<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.

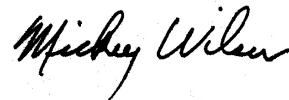
FISCAL DESCRIPTION

This proposed legislation prohibits the Department of Revenue from including commercial inserts or other forms of advertising in motor vehicle registration renewal notices.

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



Mickey Wilson, CPA
Director
January 28, 2008