

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0427-01
Bill No.: HB 66
Subject: Licenses - Motor Vehicle: Revenue Department
Type: Original
Date: February 2, 2009

Bill Summary: Establishes an "In God We Trust" special license plate that may used as an alternative to the standard issue license plate

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$738,383)	(\$2,066,853)	(\$1,838,536)
Total Estimated Net Effect on General Revenue Fund	(\$738,383)	(\$2,066,853)	(\$1,838,536)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Highway Fund	\$0	\$5,822,083	\$3,881,388
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$5,822,083	\$3,881,388

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	1 FTE	0	0
Total Estimated Net Effect on FTE	1 FTE	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 2010	FY 2011	FY 2012
Local Government	\$0	\$1,940,694	\$1,293,796

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections - Missouri Vocational Enterprises** state this proposal will have no fiscal impact on their agency.

Officials from the **Department of Transportation** anticipate no fiscal impact from this proposal because there is no reference to an additional fee for these plates, therefore it is assumed they will pay the same fee to register the license plate.

Officials from the **Department of Revenue (DOR)** state that DOR is currently funded for the bluebird license plate. This proposal creates a choice of license plates for motorists, so the DOR will decrease the quantity of bluebird plates purchased and start purchasing "In God We Trust" (IGWT) plates to supplement these. However, no costs are in the budget for the additional IGWT plates DOR must purchase for renewal applicants who want to change their plate to the IGWT plate.

ADMINISTRATIVE IMPACT

DOR has determined that it will be unable to implement the changes necessary (plate sheeting and computer programming changes) by an August 28, 2009 effective date; therefore, this fiscal note is prepared and all calculations are figured at a July 1, 2010 effective date.

DOR will need to revise policies and procedures as well as the DOR website. DOR will also need to revise the Application for Missouri Title and License (DOR-108), and the Missouri Application for License (DOR-184). Doing so will allow mail in applicants the ability to notify DOR as to which license plate they want. These costs would be absorbed.

Since the proposal does not exempt dealer plates, this would require a modification to the Application for Dealer, Auction, or Manufacturer License and Number Plate(s) (DOR-4682). This cost would be absorbed.

Currently, DOR assigns a series/range of plate configurations for each plate type available and affected systems are programmed accordingly. With a second plate choice option of the IGWT plates there would not be enough ranges of configurations available for all plate types. This will require DOR to determine plate configurations sequentially/automatically based on the last plate ordered/manufactured. This new approach would require major changes to the inventory system and all other affected systems.

ASSUMPTION (continued)

Contract offices have a limited amount of storage and are currently short on storage capacity for sets of the blue bird plate for reissuance, plus the 10% extra they need to keep in stock. Offering a second plate choice would compound the storage problem. If this proposal is passed, contract offices would only be able to store a limited amount of each plate which would cause them to need to order more plates more often. Ordering more plates more often and shipping the additional plates to 183 contract offices would increase UPS costs and postage to an estimated \$12,000 per year.

DOR will require one Management Analyst Specialist I for FY 10 to work with IT to develop the Business Requirement Document (BRD) and implement any current system changes and any new systems that will need to be developed at a cost of \$63,270 in FY 10. After the requirements are met the position will not be required in FY 11 and FY 12.

Oversight has, for fiscal note purposes only, changed the starting salary for the Management Analyst Specialist I to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing 3 existing CIT III's for 12 months at a rate of \$4,441. 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.

REVENUE IMPACT

Plate costs

New Registrations - Cost per plate will go up to a \$1.50 standard fee July 1, 2009. DOR assumes they will order one half bluebird plates and one half "In God We Trust" plate to stock each contract office for new registrations, at no additional costs.

Renewal Applicants - DOR assumes 30% of individuals who renew will switch from the current bluebird plate to an "In God We Trust" plate at renewal or before. DOR assumes 60% will do so in FY 11 and 40% will do so in FY 12. According to the Division Accountant, DOR will need to pay approximately 25% of the additional plate costs needed for FY 11 in FY 10. Accordingly, the Department will incur additional plate costs of \$684,951 in FY 10, \$2,054,853 in FY 11, and \$1,826,536 in FY 12 for issuing extra "In God We Trust" plates. DOR assumes that most plate

ASSUMPTION (continued)

changes will happen at renewal. However, if individuals who have already been reissued the bluebird plate want to obtain the IGWT plate before their renewal period is up there will be additional unknown plate costs.

This proposal does not exempt registered Missouri dealers from this plate so it is assumed that dealers would also have their choice in plate. Since DOR currently does not preorder dealer plates (except drive away plates) DOR would not need to stock two separate plates for each dealer, but would only order the plate type the dealer wants at the time of new dealer license registration or renewal.

This would require DOR to order 5 additional types of sheeting for dealer plates (new, used, auction, power sport, trailer unless the sponsor specifically excludes these from the IGWT plate option) at a cost of \$1,355.

Revenue increase

Renewal applicants who want to purchase the IGWT plate in lieu of renewing their current bluebird plate must pay \$8.50 to get the new plate. Due to the time required to obtain new license plate sheeting and manufacture the new plate, DOR cannot implement this legislation until July 1, 2010. Using this effective date DOR is assuming that 30% of renewal applicants (1,522,113) who already have the bluebird plate will purchase the new IGWT plate. Of these, 60% will do so in FY 11, and 40% in FY 12. There will be an increase in Highway Fund, Cities, and Counties revenue due to the replacement fee of \$8.50 if the plates are not over five years old. Total = \$7,762,777 in FY 11 and \$5,175,184 in FY 12, which is distributed 75% State Road Fund, 15% cities, and 10% counties.

5,073,711	Total number of registrants
1,522,113	Total number who will want IGWT plate at renewal (30%)
\$8.50	Renewal fee
\$ 7,762,777	FY 11 (60% - 913,268 renewals)
\$ 5,175,184	FY 12 (40%) - 608,845 renewals)
\$12,937,961	Total renewal fee collected

ASSUMPTION (continued)

	FY 2011	FY 2012
State Highway Fund (75%)	\$5,822,083	\$3,881,388
Cities (15%)	\$1,164,416	\$ 776,278
Counties (10%)	\$ 776,278	\$ 517,518

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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GENERAL REVENUE

Cost - Department of Revenue (DOR)

Personal Service (1 FTE)	(\$29,736)	\$0	\$0
Fringe Benefits	(\$14,461)	\$0	\$0
Expense and Equipment	(\$7,880)	\$0	\$0
Shipping Costs	\$0	(\$12,000)	(\$12,000)
Additional plate costs	<u>(\$686,306)</u>	<u>(\$2,054,853)</u>	<u>(\$1,826,536)</u>
	(\$738,383)	(\$2,066,853)	(\$1,838,536)

**ESTIMATED NET EFFECT ON
GENERAL REVENUE**

<u>(\$738,383)</u>	<u>(\$2,066,853)</u>	<u>(\$1,838,536)</u>
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Estimated Net FTE Change for General
Revenue

1 FTE	0 FTE	0 FTE
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HIGHWAY FUND

Income - DOR -License plate
replacement fees

<u>\$0</u>	<u>\$5,822,083</u>	<u>\$3,881,388</u>
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**ESTIMATED NET EFFECT ON
HIGHWAY FUND**

<u>\$0</u>	<u>\$5,822,083</u>	<u>\$3,881,388</u>
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FISCAL IMPACT - Local Government

FY 2010
(10 Mo.)

FY 2011

FY 2012

LOCAL POLITICAL SUBDIVISIONS

Income to Cities and Counties - DOR -
License plate replacement fees

\$0

\$1,940,694

\$1,293,796

**ESTIMATED NET EFFECT ON
POLITICAL SUBDIVISIONS**

\$0

\$1,940,694

\$1,293,796

FISCAL IMPACT - Small Business

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

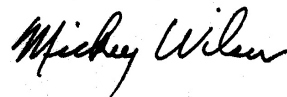
FISCAL DESCRIPTION

This proposed legislation allows for a special "In God We Trust" license plate to be available for any vehicle except an apportioned motor vehicle or a commercial motor vehicle in excess of 18,000 pounds gross weight. The plate will bear an image of the American flag and have the words "IN GOD WE TRUST" in place of the words "SHOW ME STATE".

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
Department of Transportation
Department of Corrections
Missouri Vocational Enterprises



Mickey Wilson, CPA
Director

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