

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3327-01  
Bill No.: HB 1437  
Subject: Motor Vehicles; Licenses - Motor Vehicle; Revenue Department  
Type: Original  
Date: February 15, 2010

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Bill Summary: This proposal requires one license plate instead of two on motor vehicles registered in the state.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$1,087,611	\$1,087,611	\$1,087,611
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$1,087,611</b>	<b>\$1,087,611</b>	<b>\$1,087,611</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **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 Public Safety - Office of the Director** and **Missouri State Highway Patrol** state this proposal will have no fiscal impact on their respective agencies.

According to officials from the **Secretary of State's Office (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Transportation** assume there will be no fiscal impact to their agency; however, they defer to Department of Revenue regarding any fiscal impact to the Highway or Road Fund.

Officials from the **Department of Revenue (DOR)** state that their response to a proposal similar to or identical to this one in a previous session indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the Department's motor vehicle legacy systems, changes cannot be made without significant impact to DOR resources and budget.

### **ADMINISTRATIVE IMPACT**

Contract offices may have difficulty housing and storing the amount of front license plates that are required to be surrendered at renewal due to a limited amount of storage space available.

Missouri Vocational Enterprises indicated that the cost of plates and tabs is influenced by the cost of raw materials, thus if the cost of raw materials goes up, then the cost of plates and tabs will increase.

ASSUMPTION (continued)

Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11.

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Information Technology - OA-ITSD (DOR)

The department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's motor vehicle legacy systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$4,240 calculated on 160 FTE hours.

System Modifications:

- The monthly renewal print program will need to be revised to inform applicants that only one plate and one tab is required and to surrender the extra plate at the time of renewal.
- The Title and Registration Internet Processing System (TRIPS) and the inventory system would need minor data changes to include this proposal.

**Oversight** assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

REVENUE IMPACT

Based on the one license plate/one tab concept, the DOR core budget may be reduced due to the issuance of only one license plate/tab for stock license plates and specialty stock license plates.

Beginning August 28, 2010 this proposal requires the DOR to issue one license plate and tab when an individual registers a motor vehicle. Personalized plates are exempt and will be issued two plates.

ASSUMPTION (continued)

**License Plate/Tab Revenue Loss:**

Embossed Plates

- DOR currently has 1,983,646 embossed plates in stock at contract offices across the state and in storage.
- DOR has paid \$1.43 per plate for these plates at a cost of \$2,836,614.
- Due to this proposal, DOR would need to eliminate 991,823 of these plates at a loss of \$1,418,307 that DOR has already paid and will not recoup.
- DOR will not recoup this money due to the registration fees that are collected upon issuance of the plates being distributed to the Highway Fund.

Flat Specialty Plates (specialty plates that are not personalized)

- DOR currently has 44,304 flat specialty plates in stock at contract offices across the state and in storage.
- DOR has paid \$4.25 per plate for these plates at a cost of \$188,292.
- Due to this proposal, DOR would need to eliminate 22,152 of these plates at a loss of \$94,146 that DOR has already paid and will not recoup.
- DOR will not recoup this money due to the registration fees that are collected upon issuance of the plates being distributed to the Highway Fund.

Tabs

- DOR currently has 1,836,730 tabs in stock at contract offices across the state and in storage.
- DOR has paid \$.085 per tab at a cost of \$156,122.
- Due to this proposal DOR, would need to eliminate 918,365 of these tabs at a loss of \$78,061 that DOR has already paid and will not recoup.
- DOR will not recoup this money due to the registration fees that are collected upon issuance of the plates being distributed to the Highway Fund.

**Total License Plate/Tab Revenue Loss: \$1,590,514**

**Oversight** assumes the costs incurred with the production of plates/tabs have already been incurred with no expectation of reimbursement. For fiscal note purposes only, **Oversight** will show no loss for existing plates/tabs in stock.

ASSUMPTION (continued)

DOR states that Missouri Vocational Enterprises indicated there will be no additional costs for the destruction of those extra plates.

**License Plate Cost Reduction:**

Stock Plates (Embossed Plates)

- Currently DOR pays \$1.43 per stock license plates (reflected in the calculations for savings as current price).
- Missouri Vocational Enterprises estimates that costs for a single license plate will be \$1.91 upon passage of this legislation.
- DOR currently issues one plate for commercial motor vehicles licensed in excess of 12,000 lbs, cycles, and trailers. An average of 317,479 of these single plates are issued annually. The costs for these plates will increase to the new rate (\$1.91 per plate) due to the change from two plates to one plate for all motor vehicles.
- DOR issues 2,327,278 plates at a cost of \$3,328,008 annually.
- This proposed legislation will result in a reduction of 1,004,899 plates issued to a total of 1,322,379 plates issued annually.
- The cost reduction is as follows:

<u>Now</u> - \$1.43 per plate x 2,327,278 total plates	\$3,328,008
<u>New</u> - \$1.91 per plate x 1,322,379 total plates	\$2,525,744

<b>DOR projected cost reduction</b>	<b>\$ 802,264</b>
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Specialty Stock Plates (specialty plates that are not personalized)

- Currently DOR pays \$4.75 per flat plate. Even though the volume of flat plates ordered pursuant to this proposal will decrease by one half, Missouri Vocational Enterprises has indicated that there will be no further increase to the specialty stock plate cost due to this proposal.
- DOR issues an average of 6,256 specialty stock flat plates annually (flat plates that are currently issued as singles are not being shown as there are no cost changes involved).
- Issuing one plate for new specialty stock plate registrations would reduce the total amount of flat plates currently ordered. In FY 09 there were 6,256 specialty stock flat plates ordered at a cost of \$29,716. This proposal would reduce that number to 3,128 specialty stock flat plates annually.

ASSUMPTION (continued)

- The cost reduction is as follows:

<u>Now-</u> \$4.75 per plate x 6,256 total flat plates	\$29,716
<u>New-</u> \$4.75 per plate x 3,128 total flat plates	\$14,858

<b>DOR projected cost reduction</b>	<b>\$14,858</b>
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Tabs

- Currently DOR pays \$.085 per tab. Even though the volume tabs ordered pursuant to this proposal will decrease, Missouri Vocational Enterprises has indicated that there will be no further increase to the tab cost due to this proposal.
- DOR orders on average 6,364,444 total tabs that make up sets plus 700,099 single year tabs for commercial motor vehicles licensed in excess of 12,000 lbs, cycles, and trailers which are currently issued only one plate. This makes a total of 7,064,543 physical tabs that were ordered.
- This proposed legislation will result in a reduction of 3,182,222 tabs ordered to a total of 3,882,321 tabs issued annually.
- The cost reduction is as follows:
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<u>Now-</u> \$.085 per tab x 7,064,543 total tabs	\$600,486
<u>New-</u> \$.085 per tab x 3,882,321 total tabs	\$329,997

<b>DOR projected cost reduction</b>	<b>\$270,489</b>
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Projected total cost reduction for stock plates, specialty stock plates, and tabs is **\$1,087,611**.

**Oversight** assumes the reduction in costs for plates and tabs will result in an annual savings to General Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Department of Revenue - Reduction in plate and tab costs	<u>\$1,087,611</u>	<u>\$1,087,611</u>	<u>\$1,087,611</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$1,087,611</u></b>	<b><u>\$1,087,611</u></b>	<b><u>\$1,087,611</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2011 (10 Mo.)	 FY 2012	 FY 2013
	<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

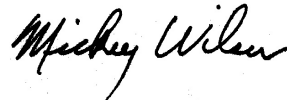
Currently, two license plates are issued for motor vehicles excluding property-carrying commercial motor vehicles registered at a gross weight in excess of 12,000 pounds, passenger-carrying commercial motor vehicles, local transit buses, school buses, trailers, semitrailers, motorcycles, motor tricycles, motor scooters, and drive-away vehicles. This proposed legislation requires only one plate to be issued for all motor vehicles except those with personalized plates.

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 Corrections  
    Missouri Vocational Enterprises  
Department of Transportation  
Department of Public Safety  
    Office of the Director  
    Missouri State Highway Patrol  
Office of Secretary of State  
    Administrative Rules Division



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