

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4736-01  
Bill No.: SB 570  
Subject: Licenses - Motor Vehicle; Motor Vehicles; Revenue Department  
Type: Original  
Date: January 31, 2012

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Bill Summary: This proposal requires that only one license plate be issued for all motor vehicles instead of the current two plates.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$44,045)	(\$36,683)	(\$37,600)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$44,045)</b>	<b>(\$36,683)</b>	<b>(\$37,600)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Highway Fund	\$2,161,514	\$2,593,816	\$2,593,816
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$2,161,514</b>	<b>\$2,593,816</b>	<b>\$2,593,816</b>

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>\$68,612</b>	<b>\$82,335</b>	<b>\$82,335</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Public Safety - Missouri Highway Patrol** assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Department of Transportation** concur with **Department of Revenue** regarding any fiscal impact from this proposal.

Officials from the **Department of Corrections (DOC)** state the **Missouri Vocational Enterprises (MVE)**, a self-sustaining entity, operates to provide jobs and training opportunities for offenders incarcerated in the DOC. The MVE License Plate Factory (or Tag Plant) has provided license plates for Missourians via the Department of Revenue (DOR) for many years. Less than half of the classes of plates that are currently issued contain a two-plate set. Manufacturing costs for one plate will be greater on a per-plate basis than for two plates. Although MVE will recognize a reduction in raw material requirements, the manufacturing process will not be changed and the amount of equipment will remain the same. Staffing will not decrease and deliveries will still be necessary to the 184 DOR fee offices. MVE is reimbursed by DOR for manufacturing costs and operates using the Working Capital Revolving Fund (WCRF), not the General Revenue Fund. The potential fiscal impact is Unknown for WCRF.

ASSUMPTION (continued)

**Section 301.120**

Officials from the **Department of Revenue (DOR) - Motor Vehicle Bureau (MVB)** state due to limited office space, a license office may have problems with storage of surrendered license plates when vehicle owners renew.

**Section 301.130**

**Missouri Vocational Enterprises (MVE)** indicated that the cost of plates (stock, personalized, and specialty) and tabs are influenced by the cost of raw materials. If the cost of raw materials goes up, the cost of plates and tabs will increase.

**Department of Revenue** procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,182. The Department's website will need to be updated to include information regarding the issuance of one plate, as well as the second-plate option for commercial motor vehicles. This change will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$319 in FY13.

Commercial motor vehicles registered in excess of 12,000 lbs are the only commercial motor vehicles that are not currently eligible to be issued 2 license plates. This proposal would make the second plate available to those applicants.

Based on prior experience, it is assumed the Department will order the second plate at the time of application if requested by the customer. There are currently 219,562 registered commercial motor vehicles in excess of 12,000 lbs. It is assumed that 10%, or 21,956, of these registrants will request the second plate. The Department's response to a proposal similar to or identical to this one in a previous session indicated that the cost to the Department for the second plate was \$1.43. MVE advised the Department that as of July 1, 2011 the cost per plate increased to \$1.63. The overall cost to General Revenue would therefore be: \$29,824 in FY13, \$36,683 in FY14, and \$37,600 in FY15.

**DOR - Information Technology - OA-ITSD** state the Department's response to a similar proposal in prior years would have 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 \$12,720. The value of the level of effort is calculated on 480 FTE hours.

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ASSUMPTION (continued)

The DOR assumes 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 Intranet Processing System (TRIPS) and the inventory system would need minor data changes to include this proposal. OA-ITSD would need to update TRIPS to allow for the issuance of a second plate to commercial motor vehicles in excess of 12,000 lbs as well as charge the \$15 for that second plate, General Registration System (GRS) and renewal changes along with testing will need to be completed.

In summary, DOR assumes a cost of \$44,045 (\$1,182 + \$319 + \$29,824 + \$12,720) in FY 2013, \$36,683 in FY 2014 and \$37,600 in FY 2015 to provide for the implementation of the changes in this proposal.

Section 301.130

Beginning August 28, 2012 this proposal requires the Department of Revenue to issue one license plate and tab when an individual registers a motor vehicle. Some vehicle owners will have the option of obtaining two plates.

The provision allowing owners of property-carrying commercial motor vehicles to nevertheless obtain two license plates, at the charge of \$15 for the second plate, will generate revenue for the Highway Fund. At present, such vehicles are only issued one plate and the \$15 charge for a second plate would be a new charge. There are currently 219,562 registered commercial motor vehicle in excess of 12,000 lbs. It is assumed that 10%, or 21,956, of these registrants will want the second plate issued in FY 13 resulting in an increase in revenue of \$274,450 in FY 13 (21,956 x \$15 x 10/12) (10 months), \$329,340 in FY 14, and \$329,340 in FY 15.

The revenue is constitutionally distributed as follows:

75% Highway Fund	\$247,005
15% Cities	\$49,401
10% Counties	\$32,934

Currently the Department pays \$1.63 per stock license plate (reflected in the calculations for savings as current price). Missouri Vocational Enterprises estimates that costs for a single license plate would increase further to \$1.91 upon passage of this legislation. The price is based on volume of plates ordered because fewer plates ordered means the price per plate would increase.

ASSUMPTION (continued)

The Department orders on average 2,780,480 plates at a cost of \$4,532,182 per year. This legislation will result in a reduction of 1,390,240 plates ordered.

The cost reduction is as follows:

Now-	\$1.63 per plate x 2,780,480 total plates=	\$4,532,182
New-	\$1.91 per plate x 1,390,240 total plates=	<u>\$2,655,358</u>
DOR projected total cost reduction		<b>\$1,876,824</b>

Currently the Department pays \$3.50 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 personalized plate cost due to this proposal.

The Department ordered on average 208,564 total flat plates per year. Issuing one plate for new personalized/specialty plate registrations would reduce the total amount of flat plates currently ordered. This proposal would reduce that number to 104,282 flat plates ordered annually.

The cost reduction is as follows:

Now-	\$3.50 per plate x 208,564 total flat plates=	\$729,974
New-	\$3.50 per plate x 104,282 total flat plates=	<u>\$364,987</u>
DOR projected total cost reduction		<b>\$364,987</b>

Currently the Department pays \$.14 per set of tabs. Even though the volume of 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.

The Department orders an average 2,100,000 sets of tabs (4,200,000 individual tabs) per year. This legislation will result in a reduction of 2,100,000 tabs ordered annually.

The cost reduction is as follows:

Now-	\$.14 per set x 2,100,000 sets of tabs=	\$294,000
New-	\$.09 per tab x 2,100,000 total tabs=	<u>\$189,000</u>
DOR projected total cost reduction		<b>\$105,000</b>

ASSUMPTION (continued)

In summary, DOR projects an annual savings of \$2,346,811 (\$1,876,824 + \$364,987 + \$105,000).

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Cost- DOR administrative cost</u>	<u>(\$44,045)</u>	<u>(\$36,683)</u>	<u>(\$37,600)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$44,045)</u></b>	<b><u>(\$36,683)</u></b>	<b><u>(\$37,600)</u></b>
 <b>HIGHWAY FUND</b>			
<u>Savings - Department of Revenue - Reduction in plate and tab costs</u>	\$1,955,676	\$2,346,811	\$2,346,811
<u>Income - increase in fee income</u>	<u>\$205,838</u>	<u>\$247,005</u>	<u>\$247,005</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>\$2,161,514</u></b>	<b><u>\$2,593,816</u></b>	<b><u>\$2,593,816</u></b>
 <u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income - Cities and Counties increase in fees</u>	<u>\$68,612</u>	<u>\$82,335</u>	<u>\$82,335</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$68,612</u></b>	<b><u>\$82,335</u></b>	<b><u>\$82,335</u></b>

FISCAL IMPACT - Small Business

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

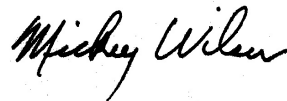
FISCAL DESCRIPTION

Under this proposal, the state will only issue one license plate beginning August 28, 2012, to motorists unless the registered owner is eligible to receive a second plate (property-carrying commercial motor vehicle applicants can request 2 plates). Currently, property-carrying commercial motor vehicles are only issued one license plate. This act allows the owners of these vehicles to request and be issued two plates. The Director of the Department of Revenue may assess and collect an additional fee for the second plate.

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  
Department of Public Safety  
Department of Transportation  
Joint Committee on Administrative Rules  
Office of the Secretary of State



Mickey Wilson, CPA  
Director  
January 31, 2012