

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4350-01
Bill No.: HB 1160
Subject: Licenses - Motor Vehicle; Department of Revenue; Motor Vehicles; Veterans
Type: Original
Date: January 23, 2014

Bill Summary: This proposal allows a female veteran to obtain "Woman Veteran" special license plates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Less than \$100,000) to Less than \$100,000	Less than \$100,000	Less than \$100,000
Total Estimated Net Effect on General Revenue Fund	(Less than \$100,000) to Less than \$100,000	Less than \$100,000	Less than \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Highway Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections** and the **Missouri Veterans Commission** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Transportation** concur with Department of Revenue regarding the fiscal impact on their organization.

Administrative Impact

Officials from the **Department of Revenue (DOR)** state this legislation creates the "Woman Veteran" specialty license plate. Each applicant must present proof of military service and pay a \$15 fee in addition to the regular registration fees. The Department may work with the Missouri Veterans Commission when determining or designing the image which shall be placed on the plate.

The following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$840 in FY '15.
- The Application for Military Personalized License Plates (DOR-4601) will need to be revised to include a new plate type. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$840 in FY '15.
- The Department's web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$230 in FY '15.
- The Department would incur 20 overtime hours for a Revenue Processing Tech II to work with military personnel on the design of the plate and finalizing the design at a cost of \$450 in FY '15.
- The Department would incur 20 overtime hours for a Revenue Processing Tech II to set up the new specialty plate within Motor Vehicle Bureau systems and testing at a cost of \$450 in FY '15.

ASSUMPTION (continued)

- The Department would incur 16 hours of programming the new speciality plate type and facilitate the process through the Titling and Registration Internet Processing System. At a cost of \$437 in FY '15.

In summary, DOR assumes a cost of \$3,247 (\$840 + \$840 + \$230 + \$450 + \$450 + \$437) in FY 2015 to provide for the implementation of the administrative changes in this proposal.

Oversight assumes at least some of these expenses could be absorbed by DOR.

Set-up, Mailing & Plate Manufacturing Cost:

Set-up:

The Department is charged \$215 for the initial set-up of a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY '15

Mailing:

In order to determine the number of potential applications, DOR contacted the Missouri Veterans Commission who indicated there are approximately 38,206 women veterans in Missouri. It is unclear how many of those potential applicants would apply for these license plates. DOR has made the assumption that 20% (7,641) of women veterans would apply for these plates in the first 3 years (2,522 each year).

It currently costs the Department, on average, \$5.55 to ship a box of 10 sets of plates to license offices once they have completed the manufacturing process through MVE.

- DOR assumes the cost to ship 252 sets up plates to contract offices in various regions across the state would be \$1,166 in FY 2015, \$1,434 in FY 2016, and \$1,469 in FY 2017.

Note: \$5.55 is an average cost, as the cost may decrease or increase based on the weight of the package, the area to which it is being sent, and how many boxes are being sent at one time.

ASSUMPTION (continued)

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

With 2,522 applications, it would cost \$1,093 in FY '15 (10 months), \$1,344 in FY '16, and \$1,378 in FY '17 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.45).

Plate Manufacturing:

DOR also pays \$3.50 per flat plate (all specialty and personalized license plates are flat plates). The cost of the plate is taken from Highway Funds. Therefore, DOR assumes a cost to the Highway Fund of \$14,712, (2,522 applicants x \$3.50 per plate x 2 plates per vehicle - all at 10 months of the first year because of the August 28, 2015 effective date) in FY 2015, \$18,095 in FY 2016, and \$18,548 in FY 2017 (using a 2.5% cost increase in fiscal years 2016 and 2017).

In summary, DOR assumes a cost of \$19,996 (\$2,810 + \$215 + \$1,166 + \$1,093 + \$14,712) in FY '15, \$20,873 (\$1,434 + \$1,344 + \$18,095) in FY '16 and \$21,395 (\$1,469 + \$1,378 + \$18,548) in FY '17 to provide for personnel changes, set-up, mailing and plate manufacturing cost.

Revenue Impact

Assuming 20% (7,641) of women veterans would apply for these plates in the first 3 years with 2,522 in each FY year, there would be an increase in revenue from the \$15 specialty plate fee of \$31,525 in FY '15 (10 months), \$37,830 in FY '16 and FY '17 to the General Revenue Fund.

Since it is unknown how many applications will be received for this plate, **Oversight** will estimate an increase in revenue of "Less than \$100,000". Oversight will also estimate a cost to the General Revenue and the Highway Fund of " (Less than \$100,000)". For fiscal years 2016 and 2017, Oversight assumes the revenue into the General Revenue Fund will at least cover the estimated costs from the proposal, resulting in a positive "Less than \$100,000" estimated net effect to the General Revenue Fund. For FY 2015, Oversight assumes the start-up costs incurred by DOR might exceed the specialty plate fee revenue if the response to the proposal is less than expected. Therefore, Oversight will range the fiscal impact in FY 2015 from a net cost of under \$100,000 to a net gain of under \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Revenue</u> - DOR	Less than	Less than	Less than
Specialty plate fees	\$100,000	\$100,000	\$100,000
<u>Cost</u> - DOR	(Less than	(Less than	(Less than
Processing costs for specialty plates	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Less than \$100,000) to Less than <u>\$100,000</u>	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>
HIGHWAY FUND			
<u>Cost</u> - DOR	(Less than	(Less than	(Less than
Manufacturing Cost	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	(Less than <u>\$100,000)</u>	(Less than <u>\$100,000)</u>	(Less than <u>\$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<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

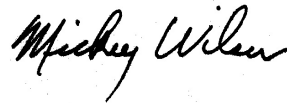
This proposal allows a female veteran to obtain "Woman Veteran" special license plates.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

KC:LR:OD

SOURCES OF INFORMATION

Department of Revenue
Department of Corrections
Department of Transportation
Missouri Veterans Commission

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 23, 2014

Ross Strobe
Assistant Director
January 23, 2014