

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1843-01
Bill No.: HB 806
Subject: Motor Vehicles; Licenses - Motor Vehicle; Revenue Department
Type: Original
Date: April 27, 2015

Bill Summary: This proposal adds a motorcycle registration surcharge of \$5 dollars to be deposited into the Motorcycle Safety Trust Fund for motorcycle safety programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$33,278)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$33,278)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Motorcycle Safety Trust Fund	\$460,763	\$434,790	\$449,595
Total Estimated Net Effect on <u>Other</u> State Funds	\$460,763	\$434,790	\$449,595

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any Of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to a similar proposal (SB 349) from this year, officials from the **Department of Public Safety - Missouri Highway Patrol**, the **Office of the State Courts Administrator** and the **Department of Elementary and Secondary Education** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal (SB 349) from this year, officials from the **Office of the State Treasurer (STO)** stated the interest generated by this fund currently is deposited into the General Revenue Fund. The STO assumes this proposal would require the interest generated shall be credited to this Fund which would result in a loss to the General Revenue Fund of approximately \$900.

In response to a similar proposal (SB 349) from this year, officials from the **Department of Revenue (DOR)** assumed beginning January 1, 2015, this proposal would require the Department to collect a registration surcharge in the amount of \$5 on each motorcycle registration processed by the Department for all new and renewal motorcycle registrations.

Administrative Impact

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 \$890 in FY '16.
- The Department's website will need to be updated. This will require ten hours for an Administrative Analyst III, at a cost of \$240 in FY '16.
- The Application for Missouri Title and License (DOR-108) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY '16.

ASSUMPTION (continued)

- The Application for Motor Vehicle License (DOR-184) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY '16.
- The motor vehicle renewal notice will need to be updated for motorcycle renewals only. This will require ten hours for an Administrative Analyst III, at a cost of \$240 in FY '16.
- MVB testing for identified system modifications. Forty hours for each system modification for a total of 160 hours by a Management Analyst Specialist I at a cost of \$3,560 in FY '16.
- OA-ITSD will require system modifications for a total of 354.24 hours at a cost of \$26,568 in FY '16.

In summary, DOR assumes a cost of \$33,278 ($\$890 + \$240 + \$890 + \$890 + \$240 + \$3,560 + \$26,568$) in FY 2016 to provide for the implementation of the changes in this proposal.

Revenue Impact

DOR states this proposal requires a \$5 surcharge to be applied to all motorcycle registrations issued or renewed. Motorcycles may be issued an annual or biennial registration. The Department assumes, based on the language, that the \$5 surcharged is to be a flat fee and will not change if a biennial registration is issued (\$5 for annual registrations or \$10 for biennial registrations).

DOR assumes this surcharge is to be collected regardless of the vehicle being new or used.

Currently, there are 139,948 registered motorcycles in the state of Missouri. All motorcycle registrations expire in April of the corresponding year. Based on prior Department research, on average, 57% of all registrations are biennial and 43% are annual.

Assuming all current motorcycle registrations are renewed in subsequent years the revenue increase from the \$5 surcharge is as follows:

FY 16

There are currently 79,685 registrations that expire in April 2015. If 43% (34,265) of those that expire in April 2015 renew for one year until April 2016 (FY '16), the increase will be \$171,323 ($34,265 \times \5) in FY '16.

ASSUMPTION (continued)

There are currently 57,888 registrations that expire in April 2016 (two year registration from 2013) resulting in an increase of \$289,440 ($57,888 \times \5) in FY '16.

Total for FY '16 - \$460,763 ($\$171,323 + \$289,440$)

FY 17

If 57% (45,420) of the 79,685 registrations that expire in April 2015 renew for two years until April 2017 (FY '17) the increase will be \$227,102 in FY '17.

If 43% (39,626) of the 92,153 registrations that were renewed in April 2016 renew for one year until April 2017 (FY '17) the increase will be \$198,128 in FY '17.

There are currently 1,912 registrations that expire in April 2017 (FY '17) resulting in an increase of \$9,560 in FY '17.

Total for FY '17 - \$434,790 ($\$227,102 + \$198,128 + \$9,560$)

FY 18

If 57% (52,527) of the 92,153 registrations that were renewed in April 2016 renew for two years until April 2018 (FY '18) the increase will be \$262,635 in FY '18.

If 43% (37,392) of the 86,958 that were renewed in 2017 renew for one year until April 2018 (FY '18) the increase will be \$186,960 in FY '18.

Total for FY '18 - \$449,595 ($\$262,635 + \$186,960$)

In summary, the Motorcycle Safety Trust Fund will generate a revenue of \$460,763 in FY 2016, \$434,790 in FY 2017 and \$449,595 in FY 2018.

For fiscal note purposes, **Oversight** will use the Department of Revenues estimate for revenue generated to the Motorcycle Safety Trust Fund. It should be noted the revenue generated may fluctuate in any given year depending on the number of registrants who obtain annual registrations or biennial registrations at previous renewals and how many new motorcycle registrations are obtained in any given year.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Cost - DOR</u>	<u>(\$33,278)</u>	<u>\$0</u>	<u>\$0</u>
Administrative changes			
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$33,278)</u>	<u>\$0</u>	<u>\$0</u>
MOTORCYCLE SAFETY TRUST FUND			
<u>Revenue - DOR</u>	<u>\$460,763</u>	<u>\$434,790</u>	<u>\$449,595</u>
\$5 surcharge for motorcycle registration			
ESTIMATED NET EFFECT TO THE MOTORCYCLE SAFETY TRUST FUND	<u>\$460,763</u>	<u>\$434,790</u>	<u>\$449,595</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
	<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.

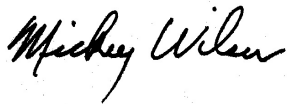
FISCAL DESCRIPTION

This act adds a motorcycle registration surcharge of five dollars to be deposited in the motorcycle safety trust fund.

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

Office of the State Treasurer
Department of Revenue
Department of Public Safety
Office of the State Courts Administrator
Department of Elementary and Secondary Education



Mickey Wilson, CPA
Director
April 27, 2015

Ross Strobe
Assistant Director
April 27, 2015