

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6098-02
Bill No.: HCS for HB 2399
Subject: Motor Vehicles; Licenses - Motor Vehicle; Revenue Department
Type: Original
Date: March 7, 2016

Bill Summary: This proposal establishes a special license plate for Missouri Boys State and Missouri Girls State.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	Minimal	Minimal	Minimal
Total Estimated Net Effect on General Revenue	Minimal	Minimal	Minimal

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Highway Fund	(Minimal)	(Minimal)	(Minimal)
Total Estimated Net Effect on Other State Funds	(Minimal)	(Minimal)	(Minimal)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

According to a report provided by the Department of Revenue, **Oversight** notes there are currently 192 different types of specialty license plate designs available in Missouri. From these 192 specialty license plates, there were 55,029 registrations as of October 2, 2015:

- 39 specialty plate designs with zero registrations
- 88 specialty plate designs having less than 100 registrations
- 51 specialty plate designs that have more than 100 registrations but less than 1,000
- 14 specialty plate designs that have more than 1,000 registrations.

For most designs, there is a \$15 initial fee to apply for each specialty license plate and a \$15 annual renewal fee. However, the following designs do not have the \$15 fee; Congressional Medal of Honor (RSMo 301.145), Disabled Veteran (RSMo 301.071), Former Prisoner of War (RSMo 301.443), Purple Heart (RSMo 301.451), Retired Military Air Force (RSMo 301.441), Retired Military Army (RSMo 301.441), Retired Military Coast Guard (RSMo 301.441), Retired Military Marine (RSMo 301.441), Retired Military Marine Corps League (RSMo 301.441), Retired Military Merchant Marine (RSMo 301.441), Retired Military National Guard (RSMo 301.441), Retired Military Navy (RSMo 301.441), and We Shall Not Forget (RSMo 301.3142).

Officials from the **Department of Revenue (DOR)** assume this proposal allows anyone who participated in the American Legion's Missouri Boys State Program or the American Legion's Missouri Girls State Program, after an annual payment of a \$25 emblem-use fee to the Missouri Boys State or Missouri Girls State, to apply for special personalized motor vehicle license plates for any vehicle the person owns other than an apportioned motor vehicle or a commercial motor vehicle licensed in excess of eighteen thousand pounds gross weight.

Administrative Impact:

Motor Vehicle Bureau

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY 2017.
- The Application for Personalized and Special License Plates (DOR-1716) 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 \$890 in FY 2017.

ASSUMPTION (continued)

- The Department's website will need to be updated to include the new plate type. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY 2017.
- The Department will need to add and do user acceptance testing on the new specialty plate when it gets added into MVB systems, which will take 20 hours for a Revenue Processing Tech II at a cost of \$467 in FY 2017.

Set-up cost:

The Department is charged \$215 (\$430 for two plates) 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 2017.

Plate manufacturing cost:

- The Department pays \$3.50 per plate for manufacturing flat plates through Missouri Vocational Enterprises (MVE).
- It is unknown how many applicants would apply for these license plates. The Department is assuming 200 applications per year at cost to the Department of \$1,167 (10 Months) in FY 2017, \$1,435 in FY 2018, and \$1,471 in FY 2019.

Mailings:

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

- The mailing costs will be \$185 in FY 2017, \$228 in FY 2018, and \$233 in FY 2019.

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.

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

- Assuming 200 applications per year at a cost of \$185 in FY 2017 (10 Months), \$228 in FY 2018, and \$233 in FY 2019 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.49).

ASSUMPTION (continued)

OA-ITSD services are required at a cost of \$2,592 (34.56 hours per \$75 per hour).

In summary, DOR assumes a cost of \$7,046 in FY `17 (\$890 + \$890 + \$240 + \$467 + \$430 + \$1,167 + \$185 + \$185 + \$2,592), \$1,891 in FY `18 (\$1,435 + \$228 + \$228) and \$1,937 in FY `19 (\$1,471 + \$233 + \$233).

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

Oversight will estimate a minimal increase in revenue to the General Revenue Fund generated from the \$15 specialty plate fee. Oversight will also estimate a minimal cost for the set-up and processing of specialty license plates to the General Revenue Fund and to the Highway Fund. Oversight assumes the revenue into the General Revenue Fund will at least cover the estimated costs from the proposal, resulting in a positive "Minimal" estimated net effect to the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Revenue - DOR</u> Specialty plate fees (\$15 per applicant)	Minimal	Minimal	Minimal
<u>Cost - DOR</u> Processing costs for specialty plates	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Minimal</u>	<u>Minimal</u>	<u>Minimal</u>
HIGHWAY FUND			
<u>Cost - DOR</u> Manufacturing Cost (\$3.50 per plate)	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<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

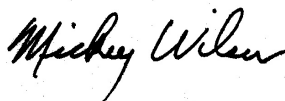
This proposal allows anyone who participated in the American Legion's Missouri Boys State Program to apply for a specialty license plate bearing the official emblem of the American Legion Missouri Boys State for any motor vehicle, except an apportioned motor vehicle or commercial motor vehicle weighing over eighteen thousand pounds.

To obtain this plate, a person must apply to the Director of the Department of Revenue, and pay an additional \$25 fee. The annual fee shall be \$15.

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

Joint Committee on Administrative Rules
Department of Revenue



Mickey Wilson, CPA
Director
March 7, 2016

Ross Strobe
Assistant Director
March 7, 2016