

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1365-01
Bill No.: HB 713
Subject: Licenses - Motor Vehicle; Motor Vehicles; Veterans
Type: Original
Date: March 12, 2019

Bill Summary: This proposal specifies that Purple Heart specialized license plates shall be issued without any fee for the first set of plates and only the regular registration fee shall apply to any additional plates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$26,568) to (\$66,632)	\$0 to (\$80,631)	\$0 to (\$81,312)
Total Estimated Net Effect on General Revenue	(\$26,568) to (\$66,632)	\$0 to (\$80,631)	\$0 to (\$81,312)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Highway Fund (0644)	(Up to \$37,683)	(Up to \$45,221)	(Up to \$45,221)
Total Estimated Net Effect on <u>Other</u> State Funds	(Up to \$37,683)	(Up to \$45,221)	(Up to \$45,221)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

☐ 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 2020	FY 2021	FY 2022
Local Government	(Up to \$12,562)	(Up to \$15,073)	(Up to \$15,073)

FISCAL ANALYSIS

ASSUMPTION

According to a report provided by the Department of Revenue, **Oversight** notes there are currently 196 different types of specialty license plate designs available in Missouri. From these 196 specialty license plates, there were 57,790 registrations as of January 31, 2019:

0 Registrations	Less than 100 Registrations	Less than 1,000 Registrations	More than 1,000 Registrations
42	87	52	15

Source: Department of Revenue

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 Transportation** defer to DOR for the fiscal impact of this proposal.

Officials at the **Department of Revenue (DOR)** assume the following regarding this proposal:

Administrative Impact

To implement the proposed legislation, the Department will be required to:

- Update procedures, specialty license plate charts, rejection verbiage, correspondence letters, and the Department website;
- Update the Application for Missouri Military Personalized License Plates (DOR-4601);
- Complete programming and user acceptance testing; and
- Train staff.

FY 2020 - Motor Vehicle Bureau

Management Analysis Spec I 280 hrs. @ \$18.42 per hr. = \$5,158

ASSUMPTION (continued)

Administrative Impact (continued)

FY 2020 - Personnel Services Bureau

Administrative Analyst III	10 hrs. @ \$19.80 per hr.	= \$ 198
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Total Costs = \$5,356

Currently, the Department issues Purple Heart license plates upon payment of the regular registration fees with no specialty plate/personalization fee charged for the plates. Under this proposal, the first issuance of Purple Heart license plates will be free with a second or subsequent issuance of plates upon payment of the regular registration fees with no specialty/personalization fee charged.

Only the first set of plates will be impacted by this proposal with a loss of those registration fees at issuance and renewal.

It is assumed that, due to the first set of plates being free, the number of Purple Heart license plate applications received and issued may increase slightly each year, but overall will remain constant, therefore no additional costs are shown.

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

DOR notes OA-ITSD services will be required at a cost of \$26,568 (354.24 hours x \$75 per hour) in FY 2020.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed to the MODL system. ITSD estimates the project would take 354.24 hours at a contract rate of \$75 per hour for a total cost to the state of \$26,568. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$26,568) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

ASSUMPTION (continued)

Revenue Impact

Currently, Purple Heart recipients can obtain Purple Heart license plates without having to pay the personalization fee, but regular registration fees still apply. This legislation will allow Purple Heart recipients to receive their first set of license plates completely free of charge. Qualified applicants can apply for a second and subsequent set of license plates without having to pay the personalization fee, but regular registration fees still apply.

The Department collected \$60,294 in registration fees in FY 2018 for Purple Heart license plates. The Department does not have a way to determine the number of Purple Heart license plates that were a second or subsequent set of plates; therefore, the Department estimates that this legislation will result in a loss of \$60,294 in registration fees. Registration fees are distributed 75/15/10 to Highways, Cities and Counties.

	FY 2020 (10 Mos.)	FY 2021	FY 2022
Highways	(\$37,683)	(\$45,221)	(\$45,221)
Cities	(\$7,537)	(\$9,044)	(\$9,044)
Counties	(\$5,025)	(\$6,029)	(\$6,029)
Total	(\$50,245)	(\$60,924)	(\$60,924)

Source: Department of Revenue

This legislation allows the Purple Heart license plates to be transferred to a spouse in the event of the qualified person's death until the spouse's remarriage or death. It is unknown how many Purple Heart license plate holders will have their Purple Heart license plates transferred to a spouse upon their death, but it is anticipated that the additional loss in registration fees based on this provision will be minimal.

Oversight assumes there will be a loss of registration fees due to the Purple Heart special license plates being free for the first set. It is unknown if any of the fees collected in FY 2018 were for a second set of special license plates; therefore, Oversight will reflect a loss to the Highway Fund, Cities and Counties as "Up to \$60,294" as indicated by DOR.

Oversight notes, according to DOR's Specialty Plate Chart as of February 6, 2019, there were 2,157 total Purple Heart plates issued. Using DOR's estimate of \$60,924 of registration fees per year, would compute to approximately \$28 per vehicle in forgone registration fees.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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GENERAL REVENUE FUND

Cost - DOR - ITSD costs (ranged from contracting out programming (\$26,568) to hiring additional FTE IT Specialist)	(\$26,568) to <u>(\$66,632)</u>	\$0 to (\$80,631)	\$0 to (\$81,312)
Net FTE Change - ITSD	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$26,568) to <u>(\$66,632)</u>	\$0 to (\$80,631)	\$0 to (\$81,312)
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Estimated Net FTE Change to the General Revenue Fund	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
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HIGHWAY FUND

<u>Loss</u> - first set of Purple Heart special license plates free	<u>(Up to \$37,683)</u>	<u>(Up to \$45,221)</u>	<u>(Up to \$45,221)</u>
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ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>(Up to \$37,683)</u>	<u>(Up to \$45,221)</u>	<u>(Up to \$45,221)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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LOCAL POLITICAL SUBDIVISIONS

<u>Loss</u> - Cities (15%) - first set of Purple Heart special license plates free	(Up to \$7,537)	(Up to \$9,044)	(Up to \$9,044)
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<u>Loss</u> - Counties (10%) - first set of Purple Heart special license plates free	<u>(Up to \$5,025)</u>	<u>(Up to \$6,029)</u>	<u>(Up to \$6,029)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Up to \$12,562)</u>	<u>(Up to \$15,073)</u>	<u>(Up to \$15,073)</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, Purple Heart recipients can receive specialty Purple Heart license plates. This bill would allow for the issuance of two sets of these specialty license plates without fees.

Additionally, in the event of the death of a Purple Heart recipient, any registered co-owner of the motor vehicle may use and renew the license plates until he or she remarries or, if they do not remarry, for the remainder of their life.

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 Transportation



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March 12, 2019

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March 12, 2019