# COMMITTEE ON LEGISLATIVE RESEARCH OVERSIGHT DIVISION

# **FISCAL NOTE**

L.R. No.: 3331-02

Bill No.: Perfected HCS for HB 1473

Subject: Licenses - Motor Vehicle; Veterans; Department of Revenue

Type: Original

Date: March 4, 2020

Bill Summary: This proposal establishes special license plates.

# **FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND					
FUND AFFECTED	FY 2021	FY 2022	FY 2023		
General Revenue	(\$55,127)	(\$1,857)	(\$1,857)		
Total Estimated Net Effect on General Revenue	(\$55,127)	(\$1,857)	(\$1,857)		

ESTIMATED NET EFFECT ON OTHER STATE FUNDS					
FUND AFFECTED	FY 2021	FY 2022	FY 2023		
Highway Fund	\$3,750	\$4,500	\$4,500		
Total Estimated Net Effect on <u>Other</u> State Funds	\$3,750	\$4,500	\$4,500		

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 10 pages.

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ESTIMATED NET EFFECT ON FEDERAL FUNDS					
FUND AFFECTED	FY 2021	FY 2022	FY 2023		
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0		

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)					
FUND AFFECTED	FY 2021	FY 2022	FY 2023		
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.

Local Government	\$1,250	\$1,500	\$1,500		
FUND AFFECTED	FY 2021	FY 2022	FY 2023		
ESTIMATED NET EFFECT ON LOCAL FUNDS					

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#### FISCAL ANALYSIS

#### **ASSUMPTION**

§301.3069 - Central Missouri Honor Flight Specialty License Plate & §301.3159 Meritorious Service Medal Specialty License Plate

According to a report provided by the Department of Revenue, **Oversight** notes there are currently 200 different types of specialty license plate designs available in Missouri. From these 200 specialty license plates, there were 57,460 registrations as of September 16, 2019:

0 Registrations	Less than 100	Less than 1,000	More than 1,000
	Registrations	Registrations	Registrations
47	84	54	15

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 (§301.145, RSMo), Disabled Veteran (§301.071, RSMo), Former Prisoner of War (§301.443, RSMo), Purple Heart (§301.451, RSMo), Retired Military Air Force (§301.441, RSMo), Retired Military Army (§301.441, RSMo), Retired Military Coast Guard (§301.441, RSMo), Retired Military Marine Corps League (§301.441, RSMo), Retired Military Marine (§301.441, RSMo), Retired Military Marine (§301.441, RSMo), Retired Military National Guard (§301.441, RSMo), Retired Military National Guard (§301.441, RSMo), Retired Military Navy (§301.441, RSMo), and We Shall Not Forget (§301.3142, RSMo).

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 and the Department website;
- Update the Application for Missouri Personalized and Special License Plate (DOR-1716);
- Communicate with the Central Missouri Honor Flight for development of the license plate;
- Develop the Meritorious Service Medal license plate design; and
- Complete programming and user acceptance testing for identified systems.

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#### ASSUMPTION (continued)

### FY 2021 - Motor Vehicle Bureau

Management Analysis Spec I 480 hrs. @ \$18.42 per hr. = \$8,842

FY 2021 - Strategy and Communications Office

Administrative Analyst III 20 hrs. @ \$19.80 per hr. = \$ 396

FY 2021 - General Services Bureau

Administrative Office Support Assistant 10 hrs. @ \$13.78 per hr. = \$ 138

Total Costs = \$9,376

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the administrative personnel costs related to this proposal.

# Set-up cost:

The Department is charged \$215 for the initial set-up, design, and programming for a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged for each plate upon passage of this bill for a cost of \$430 in FY 2021.

# Plate manufacturing cost:

The Department pays \$3.75 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 applicants per year at a cost to the Department of \$625 (10 months) in FY 2021 and \$750 in FY 2022 and FY 2023.

It is unknown how many eligible Missouri residents would apply for the Meritorious Service Medal plate license plate. If the Department receives 200 applicants per year, the cost to the Department would be \$625 (10 months) in FY 2021 and \$750 in FY 2022 and FY 2023.

#### Mailings:

It currently cost 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.

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#### ASSUMPTION (continued)

The mailing cost will be \$93 (10 months) in FY 2021 and \$111 in FY 2022 and FY 2023.

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 for each plate at a cost of \$206 (10 months) in FY 2021 and \$246 in FY 2022 and FY 2023 for letters (\$0.025), envelopes (\$0.040), and postage (\$0.55).

OA-ITSD services will be required at a cost of \$12,620 in FY 2021 (132.84 x \$95 per hour).

In summary DOR assumes a cost of \$14,599 in FY 2021 (\$430 + \$625 + \$625 + \$93 + \$206 + \$12,620) and \$1,857 in FY 2022 and FY 2023 (\$750 + \$750 + \$111 + \$246).

**Oversight** does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's Expense & Equipment costs on the fiscal note.

#### Revenue Impact

DOR notes this legislation will result in an increase in the \$15 specialty plate reservation fees collected. It is unknown how many applicants will elect to obtain these specialty plates, but the increase should be minimal. \$15 specialty plate reservation fees are split 75-15-10 to Highways, Cities, and Counties.

**Oversight** assumes, based on DOR's assumptions for costs associated with the specialty plates, 400 applicants may choose to receive these specialty plates (200 per each specialty plate), resulting in \$6,000 per year in revenue.

	FY 2021 (10 Mos.)	FY 2022	FY 2023
Highway Fund	\$3,750	\$4,500	\$4,500
Cities	\$750	\$900	\$900
Counties	\$500	\$600	\$600

Source: Oversight

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#### ASSUMPTION (continued)

Officials from the **Department of Transportation (MoDOT)** defer to DOR for the fiscal impact of this proposal.

# House Amendment 1

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 and the Department website;
- Update the Application for Missouri Personalized and Special License Plates (DOR-1716);
- Communicate with the Association of Missouri Electric Cooperatives for development of the license plate; and
- Complete programming and user acceptance testing for identified systems.

#### FY 2021 - Motor Vehicle Bureau

Management Analysis Spec I 240 hrs. @ \$18.42 per hr. = \$4,421

# FY 2021 - Strategy and Communications Office

Administrative Analyst III 10 hrs. @ \$19.80 per hr. = \$ 198

# ASSUMPTION (continued)

#### FY 2021 - General Services Bureau

Administrative Office Support Assistant 5 hrs. @ \$13.78 per hr. = \$ 69

Total Costs = \$4,688

**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.

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# <u>ASSUMPTION</u> (continued)

**DOR- ITSD** notes this bill would allow a personalized specialty plate registration in excess of 24,000 pounds to update and produce a renewal notice. The AMEC truck plates 18,000 to 80,000 will not be an annual registration; they will expire in December, be prorated monthly and will not have a grace period to February.

# Changes would be:

- modify program DM50020 to allow weights for specific plate types; and
- modify program DM50040 to allow for 1 or 2 plates and for allowing heavy plates

**DOR** notes OA-ITSD services will be required at a cost of \$40,528 in FY 2021 (426.6 hours x \$95 per hour).

**Oversight** does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD costs on the fiscal note.

# Revenue Impact

**DOR** notes this legislation will result in an unknown, but potentially minimal increase in the \$15 specialty plate reservation fees collected since more vehicles will be eligible for them. \$15 specialty plate reservation fees are split 75-15-10 to Highways, Cities, and Counties.

**Oversight** assumes the increase in revenue will be minimal; therefore, Oversight will not reflect the potential increase on the fiscal note. Oversight notes the Association of Missouri Electric Cooperatives specialty license plate was authorized in 2019. As of February 3, 2020, there have been no plates issued. DOR still needs the \$5,000 fee and 200 applications before these plates can be issued.

Officials from the **Department of Transportation (MoDOT)** assume the proposal will have no fiscal impact on their organization.

**Oversight** notes that MoDOT has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for MoDOT.

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FISCAL IMPACT - State Government	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND	, ,		
Cost - set-up cost p. 4	(\$430)	\$0	\$0
Cost - plate manufacturing cost p. 4	(\$1,250)	(\$1,500)	(\$1,500)
<u>Cost</u> - mailing p. 5	(\$93)	(\$111)	(\$111)
Cost - postage p. 5	(\$206)	(\$246)	(\$246)
Cost - OA-ITSD p. 5	<u>(\$12,620)</u>	<u>\$0</u>	<u>\$0</u>
Cost - OA-ITSD (House Amendment 1) p. 7	(\$40,528)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$55,127)</u>	<u>(\$1,857)</u>	<u>(\$1,857)</u>
HIGHWAY FUND			
Revenue - specialty plate fees p. 5	\$3,750	<u>\$4,500</u>	<u>\$4,500</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$3,750</u>	<u>\$4,500</u>	<u>\$4,500</u>

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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$1,250</u>	<u>\$1,500</u>	<u>\$1,500</u>
Revenue - Counties (10%) - specialty plate fees p. 5	<u>\$500</u>	<u>\$600</u>	<u>\$600</u>
Revenue - Cities (15%) - specialty plate fees p. 5	\$750	\$900	\$900
FISCAL IMPACT - Local Government  LOCAL POLITICAL SUBDIVISIONS	FY 2021 (10 Mo.)	FY 2022	FY 2023

# FISCAL IMPACT - Small Business

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

# FISCAL DESCRIPTION

This proposal establishes and modifies provisions relating to 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.

# SOURCES OF INFORMATION

Department of Revenue Department of Transportation

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March 4, 2020

March 4, 2020

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