

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4288-01
Bill No.: HB 1800
Subject: Licenses - Motor Vehicle; Veterans; Motor Vehicles; Department of Revenue
Type: Original
Date: January 8, 2020

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 2021	FY 2022	FY 2023
General Revenue	(\$14,775)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$14,775)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Highway Fund (0644)	(Up to \$36,514)	(Up to \$43,817)	(Up to \$43,817)
Total Estimated Net Effect on <u>Other</u> State Funds	(Up to \$36,514)	(Up to \$43,817)	(Up to \$43,817)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	(Up to \$12,171)	(Up to \$14,605)	(Up to \$14,605)

FISCAL ANALYSIS

ASSUMPTION

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 Registrations	Less than 1,000 Registrations	More than 1,000 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 (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 at the **Department of Revenue (DOR)** assume the following regarding this proposal:

§301.451

Allows the first set of Purple Heart license plates to be issued at no fee. Any subsequent sets to be issued and subject to regular registration fees but not the personalized license plate fee of \$15.

Allows Purple Heart license plates to be used by any registered co-owner in the event of the qualified person's death until he or she remarries or for the remainder of his or her life.

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.

ASSUMPTION (continued)

Administrative Impact (continued)

FY 2021 - Motor Vehicle Bureau

Management Analyst I	80 hrs. @ \$18.42 per hr.	= \$1,473.60
Administrative Analyst I	10 hrs. @ \$14.70 per hr.	= \$ 147.00
Management Analyst II	20 hrs. @ \$20.57 per hr.	= \$ 411.40
Rev Manager	3 hrs. @ \$20.59 per hr.	= \$ 61.77
Total Costs		= \$2,093.77

FY 2021 - Personnel Services Bureau

Administrative Analyst III	10 hrs. @ \$19.80 per hr.	= \$ 198.00
Administrative Analyst II	10 hrs. @ \$18.75 per hr.	= \$ 187.50
Management Analyst Spec I	10 hrs. @ \$18.42 per hr.	= \$ 184.20
Total Costs		= \$569.70

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 \$14,775 in FY 2021 (155.52 hours x \$95 per hour).

ASSUMPTION (continued)

Revenue Impact

DOR states 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 \$58,422 in registration fees in FY 2019 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 \$58,422 in registration fees annually.

	FY 2021 (10 Mos.)	FY 2022	FY 2023
Highways	(\$36,514)	(\$43,817)	(\$43,817)
Cities	(\$7,302)	(\$8,763)	(\$8,763)
Counties	(\$4,869)	(\$5,842)	(\$5,842)
Total	(\$48,685)	(\$58,422)	(\$58,422)

Source: Department of Revenue

This legislation allows the Purple Heart license plates to be transferred to a registered co-owner in the event of the qualified person's death until the co-owner's remarriage or death. It is unknown how many Purple Heart license plate holders will have their Purple Heart license plates transferred to a co-owner upon their death, but it is anticipated that the additional loss in registration fees based on this provision will be minimal. Registration fees are distributed 75/15/10 to Highways, Cities and Counties.

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 2019 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 \$58,422" as indicated by DOR.

Oversight notes, according to DOR's Specialty Plate Chart as of September 16, 2019, there were 2,517 total Purple Heart plates issued. Using DOR's estimate of \$58,422 of registration fees per year, would compute to approximately \$23 per vehicle in forgone registration fees.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE			
<u>Costs - DOR - ITSD programming</u>	<u>(\$14,775)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$14,775)</u>	<u>\$0</u>	<u>\$0</u>

HIGHWAY FUND

<u>Loss - first set of Purple Heart special license plates free §301.451</u>	<u>(Up to \$36,514)</u>	<u>(Up to \$43,817)</u>	<u>(Up to \$43,817)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>(Up to \$36,514)</u>	<u>(Up to \$43,817)</u>	<u>(Up to \$43,817)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss - Cities (15%) - first set of Purple Heart special license plates free §301.451</u>	<u>(Up to \$7,302)</u>	<u>(Up to \$8,763)</u>	<u>(Up to \$8,763)</u>
<u>Loss - Counties (10%) - first set of Purple Heart special license plates free §301.451</u>	<u>(Up to \$4,869)</u>	<u>(Up to \$5,842)</u>	<u>(Up to \$5,842)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Up to \$12,171)</u>	<u>(Up to \$14,605)</u>	<u>(Up to \$14,605)</u>

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 may receive specialty Purple Heart license plates by paying the regular registration fees and may not be charged an additional fee. This bill allows for the issuance of two sets of these specialty license plates. The first set of plates shall be issued without a fee and only the regular registration fee shall apply to any additional set of plates.

Additionally, in the event of the death of a Purple Heart recipient, the co-owner of the motor vehicle who was also the spouse of the deceased 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



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January 8, 2020