

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4288-01
Bill No.: Perfected HB 1800
Subject: Licenses - Motor Vehicle; Veterans; Motor Vehicles; Department of Revenue
Type: Original
Date: March 4, 2020

Bill Summary: This proposal modifies provisions relating to motor vehicles.

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 9 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.

ASSUMPTION (continued)

House Amendment 2 (as amended)

DOR notes to enforce the regulations and ensure consistent application of these provisions, the department could see a need for additional staff. Removing any component related to wage could cause employee turnover in license offices to increase if the license offices did not pay their employees in an equitable manner due to the complexity of the transactions and the lack of understanding of the requirements by customers, often causing irate and at times hostile customers, making a lower wage even less attractive.

Below are the duties incurred by the Department when a new employee is hired at a license office:

Approving new employees requires Central Office Staff:

- Review background checks
- Tracking required training before userid(s) are issued
- Requesting needed information from the contractor or new employee
- Add the individuals to driver license system as appropriate
- Request needed JetPay logins
- Provide approval emails to the offices so that they may request a user name and password.
- Updating USER ID spreadsheets
- Updating Employee spreadsheet
- Updating systems as needed
- Update office file

Removing employees requires Central Office Staff:

- Track that employees have been removed as required from systems ITSD is responsible for
- Remove employees from driver license system
- Request removal from JetPay
- Update employee spreadsheets
- Update office file

This turnover would be a detriment to the citizens of Missouri, as the loss of knowledge would cause transactions to be processed incorrectly, resulting in multiple return trips to the license office.

The Department anticipates being able to absorb this impact. If the increase in license office employee turnover is significant, additional FTE will be requested through the appropriations process.

ASSUMPTION (continued)

In order to prepare and promulgate the regulations necessary for implementation of this legislation, and to effectively enforce the provision of the regulations, the department requests a delayed effective date of January 1, 2021.

Oversight notes DOR officials stated they will use existing staff and will not hire additional FTE to conduct these activities. Oversight has no information to the contrary and will reflect a zero impact to DOR on the fiscal note.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Officials from the **Department of Transportation** 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.

In response to a similar proposal from 2020 (HCS for HB 2121), officials from the **Joint Committee on Administrative Rules (JCAR)** stated that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

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

HIGHWAY FUND

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

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

FISCAL IMPACT - Small Business

License contract offices could be impacted 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
Department of Transportation
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
March 4, 2020



Ross Strobe
Assistant Director
March 4, 2020