

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4333-01
Bill No.: HB 1778
Subject: Licenses - Motor Vehicle; Department of Revenue
Type: Original
Date: January 30, 2020

Bill Summary: This proposal modifies provisions relating to special personalized license plates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$1,718,085)	(\$2,024,520)	(\$2,024,520)
Total Estimated Net Effect on General Revenue	(\$1,718,085)	(\$2,024,520)	(\$2,024,520)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

§301.144.1

Increases the fee to obtain personalized plates from \$15 to \$30. This requires a \$30 fee be applied for all new or reissued special personalized plates and removes the annual renewal fee of \$15.

§301.144.3

Removes the authority to deny or recall personalized plate configurations.

Administrative Impact

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

- Update forms, procedures, plate charts, correspondence letters, and the Department website;
- Update the Application for Missouri Personalized and Special License Plates (DOR-1716), Application for Missouri Military Personalized License Plates (DOR-4601), and Application for Missouri Historic or Personalized Historic License Plate (DOR-570);
- Update administrative rules;
- Update Motor Vehicle Systems; and
- Train staff.

FY 2021 - Motor Vehicle Bureau

Management Analysis Spec I	100 hrs. @ \$18.42 per hr.	= \$1,842
Administrative Office Support Asst.	60 hrs. @ \$13.78 per hr.	= \$ 827
Revenue Manager	20 hrs. @ \$20.59 per hr.	= \$ 412
Total		= \$3,081

FY 2021 - Personnel Services Bureau

Management Analyst I	60 hrs. @\$18.42 per hr.	= \$1,105
Administrative Analyst III	60 hrs. @ \$19.80 per hr.	= \$1,188
Total		= \$2,293

Total Cost for Implementation = \$5,374

ASSUMPTION (continued)

It is assumed that the Department will no longer have the authority to deny or recall special personalized license plates that are determined to be 'obscene, profane, patently offensive, or contemptuous of racial or ethnic group, or offensive to good taste or decency, or would present an unreasonable danger to the health or safety of the applicant, of other users of the streets and highways, or of the public in any location where the vehicle with such a plate may be found.'

The Department anticipates an increase in the number of personalized plate applications due to the provisions in this legislation. If the increase in volume is significant, the Department will request FTE through the appropriations process.

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 **\$30,985** in FY 2021 (326.16 hours x \$95 per hour).

Revenue Impact

Currently, there are approximately 164,952 special personalized plate registrations that are required to pay the \$15 reservation fee at time of renewal. The reservation fee collected is 100% distributed to the general revenue fund. It is assumed this proposal will no longer collect a \$15 reservation fee for personalized plates at time of renewal. Instead, only a \$30, one-time, reservation fee will be collected at the time of initial reservation. It is assumed that this \$30 reservation fee will also be collected during the Department's re-issuance period. This legislation would result in a loss of revenue by approximately \$2,474,280 after a two-year period for all currently registered personalized plates.

Projected annual loss of revenue:

164,952 renewals x \$15 annual reservation fee = \$2,474,280

Based on a DOR report of specialty plates issued as of February 6, 2019, **Oversight** determined there were 163,970 plates that paid the \$15 annual renewal specialty fee. This would total approximately \$2,459,550 in specialty plate fees (\$15) collected annually. Oversight will use DOR's estimate.

ASSUMPTION (continued)

Oversight inquired of DOR as to how many initial applications for specialty license plates were processed in 2019. DOR stated 29,984 were processed in 2019. Oversight notes this proposal increases the fee of the initial application for a specialty plate from \$15 to \$30. This will result in an increase in revenue of **\$449,760** (29,984 x \$15 increased fee). Oversight will reflect the increase in revenue to the General Revenue Fund.

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

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Revenue</u> - increased fee for initial application of specialty license plate from \$15 to \$30	\$374,800	\$449,760	\$449,760
<u>Cost</u> - DOR - OA-ITSD services	(\$30,985)	\$0	\$0
<u>Loss</u> - loss of renewal fees for special license plates	<u>(\$2,061,900)</u>	<u>(\$2,474,280)</u>	<u>(\$2,474,280)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$1,718,085)</u>	<u>(\$2,024,520)</u>	<u>(\$2,024,520)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<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 bill increases from \$15 to \$30 the fee for getting personalized license plates. The fee shall be collected only for new or reissued special personalized license plates and not annually upon renewal of existing plates. This fee is in addition to the regular registration fees.

The bill repeals the provisions that prohibit personalized license plates containing letters or numbers that are obscene or offensive.

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



Julie Morff
Director
January 30, 2020



Ross Strobe
Assistant Director
January 30, 2020