

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1438H.01I
Bill No.: HB 579
Subject: Boats and Watercraft; Revenue, Department of
Type: Original
Date: February 16, 2021

Bill Summary: This proposal establishes a permanent registration option for boats and outboard motors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$165,494)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$165,494)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Water Patrol Division Fund	More than or Less than \$4,022,975	More than or Less than \$4,175,626	More than or Less than \$3,916,825
Total Estimated Net Effect on <u>Other</u> State Funds	More than or Less than \$4,022,975	More than or Less than \$4,175,626	More than or Less than \$3,916,825

***Oversight** assumes starting in FY 2025, there could be a reduction in the number of registrations resulting in a potential annual loss in revenue to the Water Patrol Fund. With the optional lifetime registration fee being over two times the current 3-year fee, Oversight assumes the State will not realize a potential overall loss of funding for seven to nine years. Oversight used the assumption that 50 percent of all boat registrations / renewals will chose this new option. The percentage of registrations that utilize this option could vary substantially from this estimate, therefore the “More than or Less than”.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☒ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from 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 internal procedures, forms, and Department website;
- Update the Missouri Titling Manual;
- Implement identified system changes and conduct UAT testing;
- Train Staff

FY 2022 – Motor Vehicle Bureau

Lead Administrative Support Assistant	10 hrs. @ \$14.54 per hr.	=	\$145
Research /Data Assistant	35 hrs. @ \$15.49 per hr.	=	\$542
Associate Research/Data Analyst	470 hrs. @ \$18.50 per hr.	=	\$8,695
Research/Data Analyst	118 hrs. @ \$23.09 per hr.	=	\$2,725
Administrative Manager	59 hrs. @ \$21.56 per hr.	=	\$1,273

FY 2022 – Strategy and Communications Office

Associate Research/Data Analyst	40 hrs. @ \$18.50 per hr.	=	\$740
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Total Costs = **\$14,120**

The Department anticipates that we will be able to absorb the above listed administrative costs. If multiple bills pass which require Department resources, FTE may be requested through the appropriations process.

The Department does not have an estimated cost for the design of a permanent boat decal at this time. The Department anticipates that we will be able to absorb the cost associated to the new design and implementation.

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 **\$165,494** in FY 2022 (1,742.04 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

The Department is unable to estimate the number of owners that will elect to obtain a permanent registration for their vessel or watercraft.

For the purpose of this response, the Department assumes that 50% of owners will elect the permanent registration instead of the current 3-year registration for their vessel or watercraft.

Current and proposed registration fees

		<u>Current three-year fee</u>	<u>Proposed permanent fee</u>
Length	< 16 feet	\$25.00	\$58.00
	> 16 feet & < 26 feet	\$55.00	\$128.00
	> 26 feet & < 40 feet	\$100.00	\$233.00
	> 40 feet	\$150.00	\$350.00

Based on DOR numbers, the estimated Revenue Collected

FY 2022 Expiration				
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	25,391	\$634,775	\$317,388	\$736,339
>16 feet & < 28 feet	54,866	\$3,017,630	\$1,508,815	\$3,511,424
>28 feet & < 40 feet	5,486	\$548,600	\$274,300	\$639,119
>40 feet	472	\$70,800	\$35,400	\$82,600
Total	86,215	\$4,271,805	\$2,135,903	\$4,969,453

Difference:

\$2,833,538

FY 2023 Expiration				
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	26,672	\$666,800	\$333,400	\$773,488
>16 feet & < 28 feet	58,735	\$3,230,425	\$1,615,213	\$3,759,040
>28 feet & < 40 feet	5,359	\$535,900	\$267,950	\$624,324
>40 feet	459	\$68,850	\$34,425	\$80,325
Total	91,225	\$4,501,975	\$2,250,988	\$5,237,177

Difference

\$2,986,189

FY 2024 Expiration				
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	25,078	\$626,950	\$313,475	\$727,262
>16 feet & < 28 feet	52,474	\$2,886,070	\$1,443,035	\$3,358,336
>28 feet & < 40 feet	5,197	\$519,700	\$259,850	\$605,451
>40 feet	527	\$79,050	\$39,525	\$92,225
Total	83,276	\$4,111,770	\$2,055,885	\$4,783,274

Difference

\$2,727,388

Average New Registrations				
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	11,474	\$286,850	\$143,425	\$332,746
>16 feet & < 28 feet	23,174	\$1,274,570	\$637,285	\$1,483,136
>28 feet & < 40 feet	1,413	\$141,300	\$70,650	\$164,615
>40 feet	603	\$90,450	\$45,225	\$105,525
Total	36,664	\$1,793,170	\$896,585	\$2,086,022

Difference

\$1,189,437

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DOR.

Oversight notes annual revenue may decrease in the fourth year due to those that obtained a permanent registration in the first year the option was available. For fiscal note purposes, Oversight will use the estimate of 50% that elect to obtain a permanent registration provided by DOR.

Oversight notes moneys collected under Section 306.030, RSMo. are deposited into the Water Patrol Division Fund (0400), after the first \$2 million collected is deposited into General Revenue; therefore, Oversight will reflect the revenue estimates above minus \$2 million as this amount is currently being deposited into General Revenue and this proposal will not change that.

Oversight notes there was a \$4,388,987 balance in the Water Patrol Division Fund (0400) as of December 31, 2020.

Officials from the **Missouri Highway Patrol** defer to the DOR for the potential fiscal impact of this proposal.

Officials from the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Cost – DOR – OA-ITSD services</u>	<u>(\$165,494)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$165,494)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – State Government (continued)</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
WATER PATROL DIVISION FUND (0400)			
	More than or Less than...	More than or Less than...	More than or Less than...
<u>Revenue Increase</u> – increase in the triennial registration fee for existing vessels	\$2,833,538	\$2,986,189	\$2,727,388
<u>Revenue</u> – increase in the triennial registration fee for new vessels	<u>\$1,189,437</u>	<u>\$1,189,437</u>	<u>\$1,189,437</u>
ESTIMATED NET EFFECT ON THE WATER PATROL DIVISION FUND	<u>More than or Less than \$4,022,975</u>	<u>More than or Less than \$4,175,626</u>	<u>More than or Less than \$3,916,825</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses that register vessels in Missouri could be impacted by this proposal.

FISCAL DESCRIPTION

This bill authorizes a permanent or 3-year registration option for watercraft. The fees for permanent registration are specified in the bill.

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

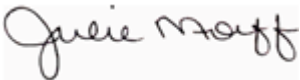
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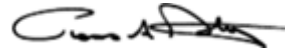
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Department of Revenue
Missouri Department of Transportation
Missouri Highway Patrol

A handwritten signature in cursive script, reading "Julie Morff".

Julie Morff
Director
February 16, 2021

A handwritten signature in cursive script, reading "Ross Strobe".

Ross Strobe
Assistant Director
February 16, 2021