

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6131-02
Bill No.: Perfected HCS for HB 2380
Subject: Motor Vehicles; Licenses - Motor Vehicle
Type: Original
Date: March 31, 2016

Bill Summary: This proposal allows owners of motor vehicles, other than an apportioned or commercial motor vehicle licensed in excess of 24,000 pounds, to apply for an existing or hereafter created special personalized license plate and provides for the design and reissuance of all Missouri license plates in order to commemorate the bicentennial of Missouri.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Less than \$55,399)	\$5,515	\$11,926
Total Estimated Net Effect on General Revenue	(Less than \$55,399)	\$5,515	\$11,926

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Highway Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Assumed offsetting costs and revenue of over \$5 million in FY 2018 and FY 2019

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state the following:

§301.130

Increases the availability of all special personalized license plates to commercial motor vehicles registered up to 24,000 lbs gross weight.

Provides that on or after August 28, 2016, owners of motor vehicles, other than apportioned motor vehicles or commercial motor vehicles licensed in excess of twenty-four thousand pounds gross weight, may apply for any pre-existing or hereafter statutorily created special personalized license plates.

§301.144

Increase the availability of all personalized license plates to commercial motor vehicles registered at 24,000 lbs gross weight.

§301.3150

Increase the availability of specialty license plates to commercial motor vehicles registered at 24,000 lbs gross weight in regards to the creation of a new specialty plate for an organization.

§301.473

Eliminates the requirement of at least two hundred potential applicants before production can begin for the "Missouri Junior Golf Foundation" license plate.

The proposed art design for the specialty license plate, and an application fee, not to exceed five thousand dollars, to defray the department's cost for issuing, developing, and programming the implementation of the specialty plate is still required.

This proposal increases and streamlines language for the availability of military, collegiate, and organizational specialty plates to commercial motor vehicles registered at 24,000 lbs gross weight.

ASSUMPTION (continued)

Administrative Impact:

Motor Vehicle Bureau

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY 2017.
- The Application for Missouri Personalized and Special license Plates (DOR-1716) will need to be revised to include the availability of 24,000 local and beyond local plates. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2017.
- The Application for Military Personalized License Plates (DOR-4601) will need to be revised to include the availability of 24,000 local and beyond local plates. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2017.
- The Department's website will need to be updated to include the availability of 24,000 local and beyond local plates. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY 2017.
- The Department would incur 40 hours for a Revenue Processing Tech II to set up the 24,000 lb specialty plate option for all specialty and personalized plates within MVB systems and testing at a cost of \$934 in FY 2017.
- MVB user acceptance testing for identified system modifications. Each system modification will take 80 hours, for a total of 160 hours by a Management Analyst Specialist I at a cost of \$3,560 in FY 2017.
- OA-ITSD services are required at a cost of \$32,400 (432 hours x \$75 per hour).

This proposal may have additional unknown impact on the Department in the amount of phone and email correspondence. If the volume is significant enough that it cannot be absorbed by existing staff, additional FTE(s) will be requested through the appropriation process.

In FY 2015 there were 109,786 commercial motor vehicles registered at 18,000 lbs gross weight with 1.21% (1,326) of those being personalized or special personalized license plates.

In FY 2015 there were 64,257 commercial motor vehicles registered at 24,000 lbs gross weight.

ASSUMPTION (continued)

Assuming the same percentage (1.21%) of applicants may want personalized or special personalized license plates at 24,000 lbs. This will result in 777 personalized and special 24,000 lb license plates being issued by the Department.

Set-up cost

The Department will be charged \$45 per plate type for the initial set-up of a 24,000 lb category for 214 plate types at a total cost of \$9,630. This is a one-time fee that will be charged upon passage and implementation of this bill.

Plate manufacturing cost

The Department pays \$3.50 per plate for manufacturing flat plates.

24,000 lb plates are only issued on plate pursuant to section 301.130, RSMo.

Assuming 777 applicants would apply for 24,000 lb personalized or special personalized license plates at cost to the Department of \$2,266 in FY 2017 (10 Months), \$2,787 in FY 2018, and \$2,857 in FY 2019.

Mailings

It currently costs the Department, on average, \$5.55 to ship a box of 10 plates to contract offices once they have completed the manufacturing process through MVE.

Assuming 777 applicants would apply for 24,000 lb personalized or special personalized plates at a cost to the Department of \$356 in FY 2017, \$438 in FY 2018, and \$449 in FY 2019 to ship 77 boxes to contract offices in various regions across the state.

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 777 applicants would apply for 24,000 lb personalized or special personalized plates at a cost to the Department of \$359 in FY 2017, \$442 in FY 2018, and \$453 in FY 2019 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.49).

ASSUMPTION (continued)

In summary, DOR assumes a cost of **\$52,415** (\$890 + \$890 + \$890 + \$240 + \$934 + \$3,560 + \$32,400 + \$9,630 + \$2,266 + \$356 + \$359) in FY 2017, **\$3,674** (\$2,787 + \$438 + \$449) in FY 2018 and **\$3,759** (\$2,857 + \$449 + \$453) in FY 2019.

Revenue Impact:

SB 147 (2012) expanded the availability of biennial registrations for commercial motor vehicles to include 18,000 lb and 24,000 lb license plates effective July 1, 2015.

Based on current statistics 54% of registrations are one year and 46% are two year. Assuming 777 applicants might apply for 24,000 lb personalized or special personalized plates, 420 would choose one year and 357 would choose two years. There will be an increase in general revenue of \$17,016 in FY 2017, \$9,189 in FY 2018, and \$15,685 in FY 2019 from the annual \$15 (\$30 for biennial) personalized and specialty license plates.

Not all specialty plates require the \$15 fee. Therefore, the revenue generated may decrease depending on the type and amount of specific plate type applied for.

Officials from the **Department of Public Safety - Missouri Highway Patrol, Department of Insurance, Financial Institutions and Professional Registration and Department of Corrections** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Transportation** concur with DOR regarding this proposal.

House Amendment 1

Oversight notes that this amendment establishes an advisory committee for the Department of Revenue to develop uniform designs and common colors for motor vehicle license plates and to determine appropriate license plate parameters for all license plates issued. The advisory committee will adopt a type of design and color scheme for license plates issued that commemorates the bicentennial of Missouri by January 1, 2017.

Due to time constraints, officials from the **Department of Revenue** did not respond with detailed costs to implement this part of the proposal. DOR states the proposal will have a fiscal impact of millions of dollars.

ASSUMPTION (continued)

Oversight assumes there will be at least 10,000,000 sets of license plates that will be reissued with new parameters (including bicentennial design) and will reflect a cost of "Greater than \$5,000,000" for DOR to reissue the new license plates over a two year period (FY 2018 and FY 2019) to the Highway Fund. Oversight also assumes DOR can charge a fee to cover the costs associated with the issuance of the bicentennial plates and will reflect revenues in the amount of "Greater than \$5,000,000" for FY 2018 and FY 2019.

Oversight will reflect a cost of "Less than \$20,000" to the General Revenue Fund for administrative costs for DOR for the advisory committee as well as to create and produce the bicentennial plates.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** and **Department of Public Safety - Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Transportation** state the fiscal impact is unknown and will defer to DOR.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Revenue - DOR</u> Personalized plate fees	\$17,016	\$9,189	\$15,685
Cost - DOR Administrative costs for advisory commission and for creation of bicentennial plates (HA 1)	(Less than \$20,000)	\$0	\$0
<u>Cost - DOR</u> Administrative, mailing and specialty plates	<u>(\$52,415)</u>	<u>(\$3,674)</u>	<u>(\$3,759)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(Less than \$55,399)</u>	<u>\$5,515</u>	<u>\$11,926</u>

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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HIGHWAY FUND

<u>Revenue - DOR (HA 1)</u>			
Registration fees for bicentennial plates	\$0	Greater than \$5,000,000	Greater than \$5,000,000
<u>Cost - DOR (HA 1)</u>		(Greater than	(Greater than
Issuance of bicentennial plates	<u>\$0</u>	<u>\$5,000,000)</u>	<u>\$5,000,000)</u>

**ESTIMATED NET EFFECT TO
 HIGHWAY FUND**

\$0 \$0 \$0

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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\$0 \$0 \$0

FISCAL IMPACT - Small Business

A direct fiscal impact to organizations receiving donations from specialty license plates would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal provides that the owner of a personal motor vehicle, other than an apportioned or commercial motor vehicle licensed in excess of 24,000 pounds, may apply for a special personalized license plate.

Currently, the owner of a motor vehicle, other than an apportioned motor vehicle or commercial motor vehicle licensed in excess of 18,000 pounds, may apply for a special personalized license plate.

This proposal establishes an advisory committee to design uniform designs and common colors for license plates and determine parameters for license plates. The committee is to design a color scheme and design for license plates commemorating the bicentennial of Missouri. The proposal establishes the composition of the advisory commission and requires the commission to develop design and license plate parameters no later than January 1, 2017.

FISCAL DESCRIPTION (continued)

This proposal includes an emergency clause for Section 301.125.

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 Public Safety
 Missouri Highway Patrol
Department of Transportation
Department of Corrections
Department of Insurance, Financial Institutions and Professional Registration



Mickey Wilson, CPA
Director
March 31, 2016

Ross Strobe
Assistant Director
March 31, 2016