

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2561-03
Bill No.: SB 1233
Subject: Licenses – Motor Vehicle; Transportation
Type: Original
Date: February 16, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Highway Fund	\$625,873	\$1,026,432	\$1,025,580
Total Estimated Net Effect on <u>Other</u> State Funds	\$625,873	\$1,026,432	\$1,025,580

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$234,550	\$353,702	\$353,702

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Transportation** assume this proposal would have no fiscal impact on their agency.

Officials with the **Office of Secretary of State (SOS)** assume this proposal would give the Director of Revenue the authority to adopt rules to implement the provisions of this act. These rules would be published in the Missouri Register and the Code of State Regulations. These rules could require as many as 15 pages in the Code of State Regulations and half again as many pages in the Missouri Register, as cost statements, fiscal notes, and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23 and the estimated cost of a page in the Code of State Regulations is \$27. Based on these costs, the estimated cost of the proposal is \$934 in FY05 and unknown in subsequent years. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which would require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

Officials with the **Department of Revenue (DOR)** assume this proposal could have fiscal impact on their agency. Impact is broken down into the following sections:

Sections 21.795, 301.2999, 301.3150, 301.3152, and 301.3154

This proposal requires all existing specialty plate applications (excluding military specialty license plates) to pay \$25 (a net increase of \$10 per set). Currently, there are approximately 160,530 specialty plates on the General Registration System (GRS). As approximately 50% of applicants choose biennial registration, the anticipated revenue from this increase is \$802,650 per year.

Sections 301.134, 301.144, 301.3106, 301.3122, 301.3124, 301.3125, 301.3126, 301.3128, 301.3129, 301.3130, 301.3132, 301.3137, 301.3139, 301.3140, 301.3141, 301.3144, 301.3145, and 301.3999

This proposal creates seventeen new license plate types and creates new categories in the existing specialty plates by increasing the weight limit to 18,000 pounds. DOR assumes these changes will require the services of one Clerk Typist II to process these applications. DOR will incur expenses for forms, procedures, postage, and plates/tabs in the amount of:

Procedures, Forms (including plate design) and Envelopes	=	\$ 6,748
Postage	=	\$105,293
Plates and Tabs	=	\$101,718

DOR will require 180 hours of overtime programming to modify the special plate reservation program, the renewal pull program for fees, and the Uniform Field Office System (UFOS). Programming overtime costs for FY05 will be approximately \$4,221. In addition, the State Data Center will require \$500 storage costs annually for these plate records.

DOR anticipates 16,301 applications for these new plates. The \$25 fee for these applications would result in the following revenue:

<u>FY 05 (10 months) Income</u>	
13,584 plates issued* \$25 plate fee	\$339,600
<u>FY 06 Income</u>	
16,301 plates issued* \$25 plate fee	\$407,525

ASSUMPTION (continued)

FY 07 Income

16,301 plates issued * \$25 plate fee \$407,525

According to the Missouri Constitution, this revenue is to be dispersed in the following manner:

State Road Fund	75%
Cities	15%
Counties	10%

To implement this legislation, the DOR could require additional funds. In the past, the programs included in this legislation have been paid for with highway funds. This year, however, highway funds may not be available for this purpose as a result of legislation enacted by the General Assembly in 2000 that limits the use of highway funds.

This limitation is found in Section 226.200.3, RSMo. It places a cap on the highway funding available to state departments other than the Department of Transportation. The total amount of highway funds appropriated to these other state departments (including the DOR) cannot exceed the total amount of their fiscal year 2001 highway appropriations. This cap limits the highway funds that will be available for the implementation of this legislation.

If highway funds are not available, then another source of funding must be identified to pay for the cost of implementing this legislation.

This proposal could increase state revenue through plate fees.

Section 301.132

DOR assumes this proposal will require \$379 for revision to field procedures and envelopes and \$151 for the postage distribute the revised procedures to the field. DOR also assumes programming costs to make modifications to GRS and all associated systems, including the Missouri Transportation Accounting System and to include the word "replica" on the title. Programming costs for these systems are estimated at \$7,924. In addition, the State Data Center has indicated that this proposal will require approximately \$500 annually for computer storage costs associated with these changes.

ASSUMPTION (continued)

DOR has estimated a 1% growth rate on registered vehicles. Currently, DOR registers 135 street rod motor vehicles. Additionally, there are approximately 163,696 motor vehicles currently on the GRS with a model year of 1949 through 1978 that would qualify as custom vehicles. Assuming only 5% of these owner for this type of vehicle would apply as a custom vehicle, \$204,625 would be generated annually.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
HIGHWAY FUND			
<u>Income-DOR</u>			
License Plate Fee	\$884,250	\$1,061,101	\$1,061,101
<u>Cost-DOR</u>			
Equipment and Supplies	\$5,492	\$2,364	\$2,435
Forms and Postage	\$112,571	\$0	\$0
Plates and Tabs	\$101,718	\$0	\$0
Salaries and Fringe Benefits	\$37,596	\$31,305	\$32,086
Storage	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,000</u>
<u>Total Cost-DOR</u>	<u>\$258,377</u>	<u>\$34,669</u>	<u>\$35,521</u>
NET ESTIMATED IMPACT ON HIGHWAY FUND	<u>\$625,873</u>	<u>\$1,026,432</u>	<u>\$1,025,580</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<u>Income-Cities</u>			
License Plate Fee	\$176,850	\$212,221	\$212,221
<u>Income-Counties</u>			
License Plate Fee	\$57,700	\$141,481	\$141,481
NET ESTIMATED IMPACT ON LOCAL FUNDS	<u>\$234,550</u>	<u>\$353,702</u>	<u>\$353,702</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This legislation creates a review process for the issuance of specialty license plates with special criteria. It also creates seventeen new license plate types. This legislation also allows a large number of vehicles to qualify as street rods.

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 Transportation
Office of Secretary of State
Department of Revenue



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February 16, 2004