

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4125-04
Bill No.: SB 1251
Subject: Motor Vehicles; Revenue Dept.; Highway Patrol; Licenses – Motor Vehicle
Type: Original
Date: February 27, 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	(\$65,770)	\$335,233	\$802,159
State Highway Patrol Safety Fund*	\$0	\$27,943,920	\$27,943,920
Highway Patrol Inspection Fund	\$0	(\$1,300,000)	(\$1,300,000)
Total Estimated Net Effect on Other State Funds	(\$65,770)	\$26,979,153	\$27,446,079

*—State Highway Patrol Safety Fund is to be created by this legislation.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 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	\$0	\$2,703,591	\$3,050,109

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Public Safety – Missouri State Highway Patrol (MSHP)** assume that under this act, the exemption of vehicles weighing 12,000 pounds or less from safety inspections prior to registration would result in an annual net loss to the Highway Fund of \$2,780,500 and annual net less to the Highway Patrol Inspection Fund of approximately \$1,300,000.

Oversight notes that, by statute, a large majority of the funds in the Highway Patrol Inspection Fund are transferred to the Road Fund on a bi-annual basis.

MSHP assumes revenues deposited into the “State Highway Patrol Safety Fund” would replace those currently received by MSHP from the Highway Fund and from sharply decreased inspection fees in the Highway Patrol Inspection Fund on a dollar-for-dollar basis.

Officials with the **Department of Transportation (MoDOT)** assume that the Highway Fund

ASSUMPTION (continued)

will see an increase from the additional registration fees outlined in this act. However, MoDOT assumes this increase would be offset by the decrease in inspection fees that their agency would receive.

Oversight assumes that additional Highway Fund revenues generated by the net increase in registration fees will exceed the loss of revenues dues to fewer inspection fees.

MoDOT assumes it will incur cost for additional postage and mailing supplies for all 44,784 commercial vehicles in the state. The postage cost would be \$166,910 and the envelope cost would be \$3,941.

Officials with the **Department of Revenue (DOR)** assumes that its Driver and Vehicle Services Bureau (DVSB) would require two Management Analyst I's for six month of FY05 to develop and design new license plates, order and schedule inventory distribution to field offices, and coordinate forms revisions and communication to field offices regarding this re-issuance. Two Management Analyst I's would be required for six months of FY07 and one Management Analyst would be required for the remaining six months of FY07 and the first six months of FY08.

For the processing of mail-in and online renewal applications, DVSB anticipates requiring 352 hours of overtime for a Clerk I in FY06, 470 hours of overtime for a Clerk I in FY07. Additional costs for renewal inserts explaining the re-issuance and new fee for passenger and commercial vehicles under 12,000 pounds, envelopes for mailing the plate(s) and procedural changes would total \$109,354 in FY06 and \$168,015 in FY07.

DOR anticipates costs for the actual plates to be re-issued, net of re-issuance fees and core budgeted revenues, to be \$1,311,443 in FY06 and \$1,135,037 in FY07. DOR assumes this proposal does not exclude specialty/personalized license plates for re-issuance. The current vendor charges a re-design fee of \$80 per plate type. There are currently 142 specialty plates that can be purchased for 9 different types of licenses, requiring a minimum of 1,278 plates that require a re-design, at a cost in FY06 of \$102,240 (\$80 per plate).

DOR's Information Technology Bureau (ITB) will require 842 hours in FY05 and 842 hours in FY06 to program changes and modifications to the Missouri on-line Registration Express, modify the special plate reservation program, the renewal pull program for fees, and establish a "State Highway Patrol Safety Fund" in the Missouri Transportation Accounting System, at total costs of \$19,768 in both FY05 and FY06.

ASSUMPTION (continued)

DOR assumes annual revenues generated from the flat registration fee of \$29.75 in excess of current rate structure revenues to be \$4,923,938 for the Highway Fund, \$984,788 for cities, and \$656,525 for counties. Registration fee monies distributed partially at a rate of 100% to the Highway Fund and for any increase after the effective date in the Missouri Constitution at a rate of 75% to the Highway Fund, 15% to cities, and 10% to counties.

Revenues generated by the additional fees paid by owners of vehicles exempt from inspection are estimated by DOR to total for the State Highway Patrol Safety Fund \$27,943,920 in FY06 and years thereafter.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
HIGHWAY FUND			
<u>Income – DOR</u>			
Net Increase in Motor Vehicle Registration Fees	\$0	\$4,923,938	\$4,923,938
<u>Cost – DOR</u>			
Salaries and Fringe Benefits	(\$65,770)	(\$110,028)	(\$36,189)
Manufacture of New Plates	\$0	(\$1,311,443)	(\$1,135,037)
License Plate Re-design	\$0	(\$102,240)	\$0
Equipment, Supplies, and Postage	\$0	(\$113,688)	(\$170,053)
<u>Total Cost – DOR</u>	(\$65,770)	(\$1,637,399)	(\$1,341,279)
<u>Cost – MSHP</u>			
Net Loss of Motor Vehicle Inspection Fees	\$0	(\$2,780,500)	(\$2,780,500)
<u>Cost – MoDOT</u>			
Postage and Mailing (Re-Issuance)	\$0	(\$170,806)	\$0
NET ESTIMATED EFFECT ON HIGHWAY FUND	<u>(\$65,770)</u>	<u>\$335,233</u>	<u>\$802,159</u>

**STATE HIGHWAY PATROL
 SAFETY FUND***

Income – MSHP

New Fee from Inspection-Exempt Motor Vehicle Registrants	<u>\$0</u>	<u>\$27,943,920</u>	<u>\$27,943,920</u>
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NET ESTIMATED EFFECT ON STATE HIGHWAY PATROL SAFETY FUND	<u>\$0</u>	<u>\$27,943,920</u>	<u>\$27,943,920</u>
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**HIGHWAY PATROL INSPECTION
 FUND**

Cost – MSHP

Net Loss of Motor Vehicle Inspection Fees	<u>\$0</u>	<u>(\$1,300,000)</u>	<u>(\$1,300,000)</u>
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NET ESTIMATED EFFECT ON HIGHWAY PATROL INSPECTION FUND	<u>\$0</u>	<u>(\$1,300,000)</u>	<u>(\$1,300,000)</u>
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*–State Highway Patrol Safety Fund is to be created by this legislation.

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<u>Income – Local Government</u>			
Cities – Net Increase in Motor Vehicle Registration Fees	\$0	\$984,788	\$984,788
Counties – Net Increase in Motor Vehicle Registration Fees	\$0	\$656,525	\$656,525
Cities – License Plate Re-issuance Fee	\$0	\$634,357	\$844,840
Counties – License Plate Re-issuance Fee	<u>\$0</u>	<u>\$427,921</u>	<u>\$563,956</u>
<u>Total Income – Local Government</u>	<u>\$0</u>	<u>\$2,703,591</u>	<u>\$3,050,109</u>

FISCAL IMPACT - Small Business

Small businesses that participate in the safety inspection program by performing inspections would likely experience a reduction in revenue from inspection fees and related repairs dues to this legislation. Such a reduction could be significant in some cases.

DESCRIPTION

This legislation exempts passenger vehicles having a gross weight of 12,000 pounds or less from being required to have a safety inspection prior to motor vehicle registration. However, the Highway Patrol may, for cause, require the owner of such a motor vehicle to stop and submit to an inspection of the motor vehicle.

Owners of vehicles exempt from the inspection required are instead required to pay an additional fee of \$6.00 for annual registration (\$12 for biennial). These fees are to be credited to a new State Highway Patrol Safety Fund to be created by this act.

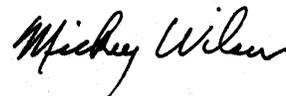
This legislation replaces the current registration fee system for all passenger vehicles and trucks licensed for 12,000 pounds or less with a flat fee of \$29.75 per year.

This act requires that beginning on January 1, 2006, and every six years thereafter, registration plates are to be reissued. DOR shall collect an additional fee of \$2.25 per set of plates to cover the cost of replacement. Such fees will be collected every six years for re-issuance.

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 Public Safety – Missouri State Highway Patrol
Department of Transportation
Department of Revenue



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