

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5063-01  
Bill No.: HB 2235  
Subject: Licenses - Motor Vehicle, Revenue Department  
Type: Original  
Date: March 1, 2010

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Bill Summary: This proposal modifies the specialty license plate approval process.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$8,635	\$10,673	\$10,993
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$8,635</b>	<b>\$10,673</b>	<b>\$10,993</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Highway Fund	(\$39,488)	(\$47,385)	(\$47,385)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$39,488)</b>	<b>(\$47,385)</b>	<b>(\$47,385)</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>(\$13,162)</b>	<b>(\$15,795)</b>	<b>(\$15,795)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Transportation** and the **Department of Corrections - Missouri Vocational Enterprises** state there will be no fiscal impact to their respective agencies.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Revenue (DOR)** state there will be no change in their processes as the language in the proposal is permissive. DOR would continue the same process if specialty plate types are determined to be discontinued since after a five year period a specialty plate already can be voided for no applications received.

If the DOR elects to discontinue accepting applications based on the criteria presented in this proposal, there could be a potential decrease in revenue from the \$15 specialty plate fee (if required in the statute authorizing the plate) for each type of plate that is discontinued.

There are currently 117 specialty plate types that could potentially be discontinued per this proposal with a per year average of 36 total new applicants per specialty plate type. Assuming 36 new applicants per year and 117 plate types there would be a loss of \$63,180 ( $36 \times 117 = 4,212 \times \$15 = \$63,180$ ) each year from the \$15 specialty plate fee that would be distributed as follows:

	FY 11 (10 months)	FY 12	FY 13
75% Highway Fund	\$39,488	\$47,385	\$47,385
15% Cities	\$ 7,898	\$ 9,477	\$ 9,477
10% Counties	\$ 5,264	\$ 6,318	\$ 6,318

ASSUMPTION (continued)

DOR officials note that many of the plate types that could potentially be discontinued may receive less than 36 applications per year, some even zero, which results in a lesser number than what is shown in the statistics for this fiscal note. The DOR assumption is based on an average of all plate types subject to being discontinued and is not a factual representation of the total number of applications received for a specific plate type per year.

Plate manufacturing savings:

- For every new specialty plate application received DOR orders either a set of specialty plates at the time of application or a single specialty plate at the time of application.
- DOR pays \$4.25 per set of plates ordered and \$2.78 for a single plate.
- Based on the average of 36 applications per year for the 117 specialty plate types that could be discontinued there would be 4,212 registrations per year that would not need to be ordered.
- Assuming 35%, or 1,474, of those plates, currently ordered as single plates for trucks, would not need to be ordered it would result in savings to General Revenue of \$3,415 in FY 11 (10 months), \$4,221 in FY 12, and \$4,347 in FY 13.
- Assuming 65%, or 2,738, of those plates currently ordered as sets of plates for passenger motor vehicles, would not need to be ordered it would result in savings to General Revenue of \$5,220 in FY 11 (10 months), \$6,452 in FY 12, and \$6,646 in FY 13.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Department of Revenue - License plate manufacturing costs	<u>\$8,635</u>	<u>\$10,673</u>	<u>\$10,993</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$8,635</u></b>	<b><u>\$10,673</u></b>	<b><u>\$10,993</u></b>
<b>HIGHWAY FUND</b>			
<u>Loss</u> - Specialty plate fee income	<u>(\$39,488)</u>	<u>(\$47,385)</u>	<u>(\$46,385)</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>(\$39,488)</u></b>	<b><u>(\$47,385)</u></b>	<b><u>(\$46,385)</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2011 (10 Mo.)	 FY 2012	 FY 2013
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Loss</u> - Cities and Counties - Specialty plate fee income	<u>(\$13,162)</u>	<u>(\$15,795)</u>	<u>(\$15,795)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(\$13,162)</u></b>	<b><u>(\$15,795)</u></b>	<b><u>(\$15,795)</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposed legislation changes the administrative procedures for issuing and developing specialty license plates. In its main provisions, the proposal:

- (1) Specifies that the Department of Revenue (DOR) is not required to accept applications and issue specialty plates for a specific category or organization if no applications for the plate have

FISCAL DESCRIPTION (continued)

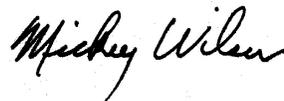
been received within four years from the authorization of the plate or the total number of specialty plates issued for a specific category is less than 200 plates for two consecutive years;

(2) Authorizes DOR to discontinue the issuance and renewal of a specialty license plate if the organization has stopped providing services and the emblem-use authorization statements are no longer being issued by the organization. The organization must notify DOR immediately to discontinue the issuance of a specialty plate. These provisions will not apply to any specialty license plate which bears the emblem or insignia of a branch of the United States military or a military organization or involve military actions or personnel;

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  
Department of Corrections  
Missouri Vocational Enterprises  
Office of Secretary of State  
Administrative Rules Division



Mickey Wilson, CPA  
Director  
March 1, 2010