

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0856-02
Bill No.: HCS for HB 415
Subject: Motor Vehicle; Motor Vehicles; Revenue Department
Type: Original
Date: April 3, 2013

Bill Summary: This proposal changes the laws regarding transportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Less than \$100,000) to Less than \$100,000	Less than \$100,000	Less than \$100,000
Total Estimated Net Effect on General Revenue Fund	(Less than \$100,000) to Less than \$100,000	Less than \$100,000	Less than \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Highway Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Road Fund	\$0 or (\$2,400)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 14 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

In response to a previous version, officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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.

§ 227.303

In response to a similar proposal from this year (SB 176), officials from the **Department of Transportation** assumed the proposal would have no fiscal impact on their organization. The cost for the two signs will be paid for by private donors.

ASSUMPTION (continued)

§ 227.325

In response to a similar proposal from this year (SB 176), officials from the **Department of Transportation** assumed the proposal would have no fiscal impact on their organization. The cost for the two signs will be paid for by private donors.

§ 227.327

In response to a similar proposal from this year (HB 869), Officials from the **Department of Transportation** assume a cost of \$2,400 to the Road Fund if no private donations are received to pay for this designation.

§ 227.421

In response to a similar proposal from this year (SB 176), officials from the **Department of Transportation** assumed the proposal would have no fiscal impact on their organization. The cost for the two signs will be paid for by private donors.

§ 227.504

In response to a similar proposal from this year (SB 176), officials from the **Department of Transportation** assumed the proposal would have no fiscal impact on their organization. The cost for the two signs will be paid for by private donors.

§ 227.515 & 227.517

In response to a similar proposal from this year (SB 176), officials from the **Department of Transportation** assumed the proposal would have no fiscal impact on their organization. The cost for the two signs will be paid for by private donors.

§ 301.3090 & 301.3116

In response to similar types of proposals last year, officials from **Department of Transportation** concurred with the Department of Revenue regarding the possible fiscal impact.

Officials from the **Department of Revenue (DOR)** state the following procedures will need to

be implemented for the changes in this proposal:

ASSUMPTION (continued)

Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY 2014.

DOR's web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY 2014.

DOR would incur 40 overtime hours for a Revenue Processing Tech II to work with military personnel on the design of the plate and finalizing the design at a cost of \$840 in FY 2014.

OA-ITSD would require 240 FTE hours with a level of effort valued at \$6,492. The value of the level of effort is calculated on 240 FTE hours.

In summary, DOR assumes programming costs associated with this proposal to be approximately \$8,863 in FY 2014.

The Department is charged \$430 for the initial set-up of a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY 2014.

It is assumed the DOR would reissue the newly designed Operation Enduring Freedom and Operation Noble Eagle license plates to those already in possession of the plates at the time of renewal. DOR would send notification by mail to those applicants already in possession of the military plates notifying them of the new design and to inquire if they would like to keep the military plate and personalized configuration. Upon notification by the applicant, the new plate design and specific configuration would be ordered and upon completion sent to the license office of the applicant's choice. There are currently 137 Operation Enduring Freedom plates and 6 Operation Noble Eagle plates in use.

It is unclear as to how many of those applicants would want to maintain the Operation Enduring Freedom and Operation Noble Eagle plate. The Department is assuming 100% of those plates, 143, would need to be modified and reissued.

DOR pays \$3.50 per flat plate (all specialty and personalized license plates are flat plates). The cost of the plate is taken from Highway Funds. Therefore, DOR assumes a cost to the Highway Fund of \$1,001 (143 applicants x \$3.50 per plate x 2 plates per vehicle - all at 10 months of the

first year because of the August 28, 2014 effective date) in FY 2014.

ASSUMPTION (continued)

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

- DOR assumes 100% would want to maintain the Operation Enduring Freedom and Operation Noble Eagle plate at a cost of \$83 in FY 2014 to ship 15 boxes of plates to license 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.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

- With 143 applications, it would cost \$74 in FY 2014 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.45).

In summary, DOR assumes a cost to the General Revenue Fund of \$587 in FY 2014 to provide for personnel changes, plate set-up and mailings in this proposal. Cost to the Highway Fund for these purposes is assumed to be \$1,001.

§ 301.3150

Officials from the **Department of Revenue (DOR) - Motor Vehicle Bureau (MVB)** state the following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY '14.
- The Application for Missouri Personalized and Special license Plates (DOR-1716) and (DOR - 4601) will need to be revised to include the availability of 24,000 lb. local and beyond local plates. This will require 40 hours of overtime for two Management Analyst Specialists I, at a cost of \$2,412 in FY '14.
- DOR's website will need to be updated to include the availability of 24,000 lb. local and beyond local plates. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY '14.

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ASSUMPTION (continued)

- DOR would incur 40 overtime 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 \$840 in FY '14.

In summary, DOR-MVB assumes a cost of \$4,783 (\$1,206 + \$2,412 + \$325 + 840) in FY 2014 to provide for the implementation of the changes in this proposal.

Oversight assumes at least some of these expenses could be absorbed by DOR.

In FY 2012 there were 100,022 commercial motor vehicles registered at 18,000 lbs gross weight with 0.974% (974) of those being personalized or special personalized license plates. In FY 2012 there were 57,658 commercial motor vehicles registered at 24,000 lbs gross weight.

The Department is assuming the same percentage (0.974%) of applicants will want personalized or special personalized license plates at 24,000 lbs. This will result in 561 personalized and special 24,000 lb license plates being issued by the Department.

Set-up cost:

The Department will be charged \$45 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 of this proposal in FY '14.

Plate manufacturing cost:

The Department pays \$3.50 per plate for manufacturing flat plates through Missouri Vocational Enterprises. Currently, 24,000 lb. plates are only issued one plate pursuant to Section 301.130, RSMo. Assuming 561 applicants would apply for 24,000 lb personalized and/or special personalized license plates, this would cost the Department \$1,636 (10 Months) in FY '14, \$2,013 in FY '15, and \$2,063 in FY '16.

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.

ASSUMPTION (continued)

- DOR assumes the 561 applicants would apply for 24,000 lb. personalized and/or special personalized plates, would cost \$259 in FY `14 (10 Months), \$319 in FY `15, and \$327 in FY `16 to ship 561 plates to license 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.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

- With 561 applicants, it would cost \$243 in FY `14 (10 Months), \$299 in FY `15, and \$306 in FY `16 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.45).

In summary, DOR assumes a cost to the General Revenue Fund of \$11,768 in FY 2014, \$2,631 in FY 2015 and \$2,696 in FY 2016 to provide for, plate set-up, plate manufacturing and mailings in this proposal.

Officials from the **Department of Revenue (DOR) - OA-ITSD** state the department would need to configure 214 specialty plate types to allow the user to select a 24,000 lbs version of each plate and change validation edits to allow the user to enter 24,000 lbs which would require the following:

- Titling and Registration Intranet Processing System - 320 hours
- Department Personalized Plate System - 80 hours:

The value of the level of effort is calculated on 400 FTE hours estimated with a level of effort valued at \$10,820.

Revenue Impact

- Assuming 561 applicants would apply for 24,000 lb personalized and/or special personalized plates there would be an increase in revenue of \$7,013 in FY `14 (10 Months), and \$8,415 in FY `15 & FY `16 to the General Revenue from the \$15 specialty plate fee.

ASSUMPTION (continued)

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

Since it is unknown how many applications will be received for these plates, **Oversight** will estimate an increase in revenue of “Less than \$100,000”. Oversight will also estimate a cost to the General Revenue and the Highway Fund of “(Less than \$100,000)”. For fiscal years 2015 and 2016, Oversight assumes the revenue into the General Revenue Fund will at least cover the estimated costs from the proposal, resulting in a positive “Less than \$100,000” estimated net effect to the General Revenue Fund. For FY 2014, Oversight assumes the start-up costs incurred by DOR might exceed the specialty plate fee revenue if the response to the proposal is less than expected. Therefore, Oversight will range the fiscal impact in FY 2014 from a net cost of under \$100,000 to a net gain of under \$100,000.

§ 301.3142

Officials from the **Department of Revenue** state this legislation eliminates the \$15 specialty plate fee for an applicant to obtain the "We Shall Not Forget" specialty license plate and ensure consistency with other military specialty personalized plates in regards to placement of wording, and the design.

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY 14.
- The Application for Military Personalized License Plates (DOR-4601) will need to be revised to include the change in fee. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$1,206 in FY 14.
- The Department's web site will need to be updated. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY 14.
- The IT portion of the fiscal impact is estimated with a level of effort valued at \$54 calculated on 2 FTE hours.

In summary, DOR assumes a cost of \$2,791 (\$1,206 + \$1,206 + \$325 + \$54) in FY 2014 to provide for the implementation of the changes in this proposal.

ASSUMPTION (continued)

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

This proposal eliminates the \$15 specialty plate fee for an applicant to obtain the "We Shall Not Forget" specialty license plate. Currently, there is one "We Shall Not Forget" specialty license plate in use. This will result in a loss of the \$15 fee being collected at the renewal of that plate or the issuance of any new plates.

§ 301.3172

In response to similar types of proposals last year, officials from **Department of Transportation** concurred with the Department of Revenue regarding the possible fiscal impact.

Administrative Impact

Officials from the **Department of Revenue (DOR)** state the following procedures will need to be implemented for the changes in this proposal:

Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY 2014. The Application for Military Personalized License Plates will need to be revised to include a new plate type. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$1,206 in FY 2014.

DOR's web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY 2014.

DOR would incur 20 overtime hours for a Revenue Processing Tech II to work with Missouri Veterans Commission personnel on the design of the plate and finalizing the design at a cost of \$420 in FY 2014.

DOR would incur 20 overtime hours for a Revenue Processing Tech II to set up the new specialty plate within MVB systems and testing at a cost of \$420 in FY 2014.

ASSUMPTION (continued)

The Title and Registration Intranet Processing System (TRIPS) plate table would need to be updated to reflect the women veterans plate estimated with a level of effort valued at \$433 calculated on 16 FTE hours.

In summary, DOR assumes programming costs associated with this proposal to be approximately \$3,577 in FY 2014.

Oversight assumes at least some of these expenses could be absorbed by DOR.

The Department is charged \$215 for the initial set-up of a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY 2014.

In order to determine the number of potential applications, DOR contacted the Missouri Veterans Commission who indicated there are approximately 38,206 women veterans in Missouri. It is unclear how many of those potential applicants would apply for these license plates. DOR has made the assumption that 20% (7,641) of women veterans would apply.

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

DOR assumes the cost to ship 764 boxes of plates to contract offices in various regions across the state would be \$3,534 in FY 2014, \$4,346 in FY 2015, and \$4,455 in FY 2016.

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.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

With 7,641 applications, it would cost \$3,311 in FY 2014, \$4,073 in FY 2015, and \$4,174 in FY 2016 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.45).

In summary, DOR assumes a cost to the General Revenue Fund of \$11,070 in FY 2014, \$8,419 in FY 2015, \$8,629 in FY 2016 to provide for personnel changes, plate set-up and mailings in this proposal.

ASSUMPTION (continued)

DOR also pays \$3.50 per flat plate (all specialty and personalized license plates are flat plates). The cost of the plate is taken from Highway Funds. Therefore, DOR assumes a cost to the Highway Fund of \$44,573 (7,641 applicants x \$3.50 per plate x 2 plates per vehicle - all at 10 months of the first year because of the August 28, 2014 effective date) in FY 2014, \$54,824 in FY 2015, and \$56,195 in FY 2016 (using a 2.5% cost increase in fiscal years 2015 and 2016).

Revenue Impact

Previous fiscal note responses regarding new specialty personalized license plates indicated the revenue generated from the \$15 specialty personalized plate fee would be distributed to the highways, cities and counties. However, because specialty personalized plate fees are not incident to the right to use the highways of this state, DOR assumes these fees are more properly distributed to the General Revenue Fund.

Assuming 7,641 women veterans would apply for these plates, there would be an increase in revenue from the \$15 annual specialty plate fee of \$95,513 (7,641 x \$15 - for 10 months) in FY 2014, and \$114,615 in FY 2015 and FY 2016.

Since it is unknown how many applications will be received for this plate, **Oversight** will estimate an increase in revenue of "Less than \$100,000". Oversight will also estimate a cost to the General Revenue and the Highway Fund of "(Less than \$100,000)". For fiscal years 2015 and 2016, Oversight assumes the revenue into the General Revenue Fund will at least cover the estimated costs from the proposal, resulting in a positive "Less than \$100,000" estimated net effect to the General Revenue Fund. For FY 2014, Oversight assumes the start-up costs incurred by DOR might exceed the specialty plate fee revenue if the response to the proposal is less than expected. Therefore, Oversight will range the fiscal impact in FY 2014 from a net cost of under \$100,000 to a net gain of under \$100,000.

For simplicity, **Oversight** will reflect a potential revenue to General Revenue for specialty plate fees from the numerous changes in the proposal of under \$100,000. Oversight will also reflect a corresponding unknown cost for processing as well as the cost for manufacturing of the plates. Oversight assumes the fees will cover the cost in each year except for potentially FY 2014 when DOR assumes to have some additional set-up expenses.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Revenue</u> - DOR	Less than	Less than	Less than
Specialty plate fees	\$100,000	\$100,000	\$100,000
<u>Cost</u> - DOR	(Less than	(Less than	(Less than
Processing costs for specialty plates	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Less than \$100,000) to Less than <u>\$100,000</u>	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>
HIGHWAY FUND			
<u>Cost</u> - DOR	(Less than	(Less than	(Less than
License plates manufacturing cost	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	(Less than <u>\$100,000)</u>	(Less than <u>\$100,000)</u>	(Less than <u>\$100,000)</u>
ROAD FUND			
<u>Loss</u> - DHT	<u>\$0 or (\$2,400)</u>	<u>\$0</u>	<u>\$0</u>
§ 227.327 - Cost of bridge designation			
ESTIMATED NET EFFECT TO THE ROAD FUND	<u>\$0 or (\$2,400)</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal changes the laws regarding transportation.

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
Department of Insurance, Financial Institutions and Professional Registration
Department of Public Safety



Ross Strope
Acting Director
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