

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1392-01
Bill No.: SB 290
Subject: Motor Vehicles; Licences – Motor Vehicles; Revenue Dept.
Type: Original
Date: February 28, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(\$36,642)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$36,642)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Highway Fund	(\$1,250,000)	\$3,008,428	\$3,008,428
Highway Patrol Inspection Fund	(\$625,000)	(\$625,000)	(\$625,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,875,000)	\$2,383,428	\$2,383,428

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$1,502,810	\$1,502,810

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Transportation (MoDOT)** assume this legislation gives motor vehicle owners the option of biennial motor vehicle registration and four year vehicle registration. MoDOT assumes there will be a temporary shift of revenue from the change of two to four year motor vehicle registration, but there would not be any additional revenue. However, there would be a decrease in revenue for the loss of inspection fees. MoDOT is unable to provide an estimate of revenue loss for this proposal and defers to the Department of Revenue.

Officials with the **Department of Revenue (DOR)** assume that under this proposal, the option of four-year registration would become effective July 1, 2006. DOR assumes the following impact:

Driver and Vehicle Services Bureau (DVSB)

DVSB assumes that individuals currently renewing annually will continue to do so and are not shown in this fiscal estimate. Currently on the General Registration System (GRS), there are approximately 1,484,256 individuals annually that choose the biennial registration.

To ensure a stabilized workload, the DOR would offer 742,128 individuals the option of four-year registration in FY07, FY08, FY09 and FY10. Based on statistics from biennial registrations it is assumed that approximately 15% (111,319) of those offered will choose four-year

ASSUMPTION (continued)

registrations. Beginning in FY09, there would be a decrease in transactions of 111,319. The Central Office processes approximately 1% of all renewals; therefore, there will not be a cost savings for FTE and associated E/E.

However, beginning in FY09, DVSB will have a cost avoidance of approximately \$66,969 for forms, tabs, envelopes, postage, and microfilming.

Information Technology Bureau (ITB)

This proposal requires computer programming modifications to the General Registration System (GRS), Missouri On-line Renewal Exchange (MORE), Missouri Transportation Accounting System (MTAS) and the Field Automated System for Title and Registration (FASTR) prior to July 1, 2006. ITB will incur expenses estimated at \$36,642 for FY06 to complete these modifications and implement this proposal.

Constitutional Amendment 3 (2004) authorizes 3% of highway funds to be used to offset the actual cost to collect such funds by the DOR.

For purposes of this fiscal note, the DOR assumes all costs will be appropriated from the general revenue fund. Through the appropriations process, the general assembly may appropriate the constitutionally permissible highway fund amount to offset the general revenue fund cost shown in this fiscal note.

It is anticipated there will be a temporary increase in revenue in FY07 & FY08 of \$6,011,237 derived from those individuals who choose a four-year registration at four times the annual registration fee; those same individuals will not renew their registrations until FY11, FY12, FY13, and FY14, respectively. Beginning in FY09, the increased registration fees for individuals choosing four-year registrations will offset the 15% reduction in the number of registrants that chose four-year registration in FY07. The remaining years will respectively show the same amount of revenue.

FY07 & 08 Revenue = \$4,508,428 Highway
 \$ 901,686 Cities
 \$ 601,124 Counties

For purposes of this fiscal note, any potential costs or cost savings to DOR branch offices is not shown.

RK:LR:OD (12/02)

ASSUMPTION (continued)

Officials with the **Department of Public Safety – Missouri State Highway Patrol (MSHP)** assume this proposal would allow vehicle owners to register their motor vehicles quadrennially and limits inspections to once per term of ownership.

According to MSHP’s Motor Vehicle Inspection Division, (MVID) there would be a loss of revenue to the Highway Fund and the Highway Patrol Inspection Fund. MVID estimates that in 2004, there were 3 million inspection stickers/decals sold, with \$1.00 being credited to the Highway Fund and \$0.50 being credited to the Highway Patrol Inspection Fund for each one sold. MVID assumes that this proposal would by reduce sales of inspection stickers by 50%. Resulting in an annual revenue loss to the Highway Fund of \$1.5 million and an annual revenue loss to the Highway Patrol Inspection Fund of \$750,000.

Oversight assumes that the option of quadrennial motor vehicle registration becomes effective July 1, 2006, and the changes to the motor vehicle inspection program become effective August 28, 2005.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Cost – DOR</u>			
Internal Systems Programming	(\$36,642)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$36,342)</u>	<u>\$0</u>	<u>\$0</u>
HIGHWAY FUND			
<u>Income – DOR</u>			
Revenue Shift–4 Year Registrations	\$0	\$4,508,428	\$4,508,428
<u>Loss – Reduced Motor Vehicle Inspection Fees</u>			
	<u>(\$1,250,000)</u>	<u>(\$1,500,000)</u>	<u>(\$1,500,000)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(\$1,250,000)</u>	<u>\$3,008,428</u>	<u>\$3,008,428</u>

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
HIGHWAY PATROL INSPECTION FUND			
<u>Loss – Reduced Motor Vehicle Inspection Fees</u>	(\$625,000)	(\$750,000)	(\$750,000)
ESTIMATED NET EFFECT ON HIGHWAY PATROL INSPECTION FUND	<u>(\$625,000)</u>	<u>(\$750,000)</u>	<u>(\$750,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Income – Cities</u>			
Revenue Shift–4 Year Registrations	\$0	\$901,686	\$901,686
<u>Income – Counties</u>			
Revenue Shift–4 Year Registrations	<u>\$0</u>	<u>\$601,124</u>	<u>\$601,124</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</u>	<u>\$1,502,810</u>	<u>\$1,502,810</u>

FISCAL IMPACT - Small Business

Small businesses that serve as inspection stations, auto repair facilities, and auto parts dealers may have a cumulative loss of revenue received from safety inspections and related repairs.

DESCRIPTION

This act provides that beginning July 1, 2006, owners of motor vehicles will have the option of registering their motor vehicles on a biennial or quadrennial basis. Renewal of four-year registrations will be every other even-numbered calendar year for vehicles manufactured in an even-numbered model year, and vehicles manufactured in an odd-numbered model year will be every other odd-numbered calendar year. Fees collected at the time of a four-year registration will include the annual registration fee plus a pro rata amount for the additional 36 months of the registration.

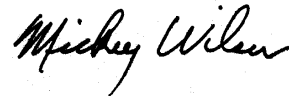
DESCRIPTION (continued)

Under this act, an initial one-time motor vehicle safety inspection is only required at the time of registration. The inspection shall be valid for the entire period the owner possesses the vehicle and no subsequent registrations shall be required unless the vehicle is transferred to another person.

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 Revenue
Department of Transportation



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