

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3726-01
Bill No.: Truly Agreed To and Finally Passed SB 778
Subject: Water Patrol; Fees; Taxation and Revenue - Property; Boats and Watercraft.
Type: Original
Date: May 1, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$233,925	\$280,710	\$280,710
Total Estimated Net Effect on General Revenue Fund	\$233,925	\$280,710	\$280,710

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Missouri State Water Patrol Fund	\$2,282,438	\$2,738,925	\$2,738,925
Total Estimated Net Effect on <u>Other</u> State Funds	\$2,282,438	\$2,738,925	\$2,738,925

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from **Miller County** state that presently, out of county boat owners have no reason to turn in a water vessel domiciled in Miller County. This bill forces boat owners to list boats on their assessment lists so that property taxes may be assessed. Miller County assumes there would be an additional 250 boats taxed resulting in additional personal property taxes of \$175,000.

Officials from the **Office of the State Treasurer (STO)** state they are required by this proposal to approve disbursements to the “Missouri State Water Patrol Fund.” The STO stated they currently do not approve disbursements, therefore, request one FTE at the level of Accounting Analyst I (at \$36,444 per year) as well as the corresponding expenses and equipment.

Oversight assumes the STO will be able to administer the duties resulting from this proposal with existing resources.

Officials from the **Department of Public Safety - State Water Patrol** assume the annual state revenue would increase by approximately \$3.2 million annually as a result of this proposal. The increase in revenue is based on the number of current boat registrations. Since the registrations are required every 3 years, the number of registrations are divided by 3 and then multiplied by **ASSUMPTION** (continued)

the proposed increase in fees. The GR fund from vessel registrations would increase from the current approximately 1.9 million to 2 million dollars with the additional \$3.1 million being deposited in the Water Patrol Fund for expenses related to personnel, equipment and training.

Officials from the **Department of Revenue (DOR)** state this legislation will provide that when applying for or renewing a certificate of number for a vessel, including a vessel documented by the United States Coast Guard, the owner must submit a paid personal property tax receipt for the tax year immediately preceding the year of application or renewal showing that the vessel being renewed or registered is listed on the personal property receipt. The legislation also increases the fees paid for a certificate of number for a vessel. Two million dollars of the increase shall be deposited into general revenue with the remaining collections over two million to be deposited in the Missouri state water patrol fund. The money in the Missouri state water patrol fund shall be used exclusively for the Missouri state water patrol. Upon appropriation money in the fund shall be used solely for the expenses of the Missouri water patrol, including but not limited to personnel expense, training expense, and equipment expense and it shall not be used as a substitute for general revenue already appropriated for the operation of the water patrol.

DOR's Driver and Vehicle Safety Bureau will incur costs to mail information to marine dealers and to notify owners of the increased fees and the personal property tax receipt requirements. DOR assumes the cost of the envelopes and postage will be absorbed. DOR assumes the following revenue impact;

Vessel Length	Current Fee	Currently Registered 1/9/06	Current Fee Amount	Proposed Fee	New Fee Amount
Under 16'	\$10	112,131	\$1,121,310	\$25	\$2,803,275
16' to 26'	\$20	176,890	\$3,537,800	\$55	\$9,728,950
26' to 40'	\$30	14,864	\$445,920	\$100	\$1,486,400
40' and over	\$40	1,321	\$52,840	\$150	\$198,150
Total Amount of Fees			\$5,157,870		\$14,216,775
Divided by 3 because vessels are renewed every three years			\$1,719,290		\$4,738,925

DOR estimates the amount that will go into the Missouri State Water Patrol Fund to be;

FY07 (10 mos)	\$2,282,438	(New fee amount minus \$2,000,000
FY08	\$2,738,925	required for General Revenue -
FY09	\$2,738,925	or \$4,738,925 - \$2,000,000)

ASSUMPTION (continued)

The amount of revenue currently being distributed to General Revenue based on 1/9/06 volumes and the current fee is \$1,719,290. This proposal increases the fees and requires \$2,000,000 to be distributed to general revenue; therefore, the general revenue increase results in the following:

Amount of General Revenue Gain		
FY06 (10 mos)	\$233,925	
FY07	\$280,710	(\$2,000,000 - \$1,719,290)
FY08	\$280,710	

Officials from **Cole**, **Greene** and **Camden** counties did not respond to our request for fiscal impact.

Oversight assumes an indirect result of this proposal could be an increase in the personal property tax collections for local county governments. Since the proposal now requires proof of property taxes paid in order to license a vessel, this could result in increased compliance with county assessment lists. Oversight has not reflected the fiscal impact to local political subdivisions since the benefit would be an indirect result of the proposal.

This proposal would increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Income - Additional fee from registration of a vessel</u>	<u>\$233,925</u>	<u>\$280,710</u>	<u>\$280,710</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$233,925</u>	<u>\$280,710</u>	<u>\$280,710</u>

DESCRIPTION (continued)

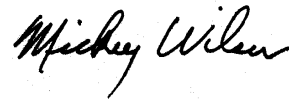
already appropriated for the water patrol. The act provides that within available appropriations under the fund, the commissioner of the water patrol shall establish an equitable pay plan for water patrol members and radio personnel.

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 Public Safety - State Water Patrol
Department of Revenue
Office of the State Treasurer
Miller County

NOT RESPONDING: Collectors of Cole, Greene and Camden counties



Mickey Wilson, CPA
Director
May 1, 2006