

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5412-01
Bill No.: SB 1181
Subject: Motor Vehicles; Department of Revenue; Licenses – Motor Vehicle; Licenses – Professional
Type: Original
Date: March 24, 2006

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-----------------------------|-----------------------------|-----------------------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| General Revenue | (Unknown) or \$3,675 | (Unknown) or \$3,675 | (Unknown) or \$3,675 |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (Unknown) or \$3,675 | (Unknown) or \$3,675 | (Unknown) or \$3,675 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|------------------|------------------|------------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| Highway | \$143,717 | \$143,717 | \$143,717 |
| | | | |
| Total Estimated Net Effect on Other State Funds | \$143,717 | \$143,717 | \$143,717 |

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 | \$47,905 | \$47,905 | \$47,905 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety – Missouri State Highway Patrol, Office of the Treasurer,** and the **Office of Administration – Administration Hearing Committee** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Department of Corrections** assume that this proposal would either create no fiscal impact or a significant unknown fiscal impact to their agency. The proposal removes the statutory provision that requires the state to purchase all license plates from Missouri Vocational Enterprises (MVE). MVE would still be eligible to bid for the contract to furnish license plates for the state. If MVE were to be awarded the contract and continue to furnish license plates to the state, there would be no fiscal impact. However, if MVE were to lose the contract MVE would have a substantial unknown fiscal impact. If this loss of revenue occurred, general revenue funds could be required to offset the loss of MVE’s operating funds.

Oversight assumes that the state would continue to use MVE for license plates.

Officials from the **Department of Revenue** assume that there will be increase in monies collected as a result of the dealer plate and boat dealer certificate cost increase resulting in an increase to the General Revenue Fund of \$3,625; an increase in fees collected by \$191,623 (75%

ASSUMPTION (continued)

to go to the Highway Fund, 15% to Cities, and 10% to Counties).

Officials from the **Department of Transportation** concurs with the response from the Department of Revenue on all points of this legislation.

| <u>FISCAL IMPACT - State Government</u> | FY 2007 (10 Mo.) | FY 2008 | FY 2009 |
|---|--|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Revenues</u> – Department of Revenue | | | |
| Boat Dealer certificate cost increase | \$6,500 | \$6,500 | \$6,500 |
| Boat Dealer certificate volume decrease | <u>(\$2,825)</u> | <u>(\$2,825)</u> | <u>(\$2,825)</u> |
| <u>Total Revenues</u> – Department of Revenue | \$3,675 | \$3,675 | \$3,675 |
| <u>Loss</u> – Department of Corrections | | | |
| License plate production | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |
| ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND | <u>(Unknown) or \$3,675</u> | <u>(Unknown) or \$3,675</u> | <u>(Unknown) or \$3,675</u> |

HIGHWAY FUND

| | | | |
|--|-------------------------|-------------------------|-------------------------|
| <u>Revenues</u> – Department of Revenue | | | |
| Increase in fees collected (75% of total increase in fees collected) | <u>\$143,717</u> | <u>\$143,717</u> | <u>\$143,717</u> |
| ESTIMATED NET EFFECT ON THE HIGHWAY FUND | <u>\$143,717</u> | <u>\$143,717</u> | <u>\$143,717</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2007 (10 Mo.) | FY 2008 | FY 2009 |
|--|------------------------|------------------------|------------------------|
| CITIES | | | |
| <u>Revenues</u> – Cities | | | |
| Increase in fees collected (15% of total increase in fees collected) | <u>\$28,743</u> | <u>\$28,743</u> | <u>\$28,743</u> |
| ESTIMATED NET EFFECT ON CITIES | <u>\$28,743</u> | <u>\$28,743</u> | <u>\$28,743</u> |
| COUNTIES | | | |
| <u>Revenues</u> – Counties | | | |
| Increase in fees collected (10% of total increase in fees collected) | <u>\$19,162</u> | <u>\$19,162</u> | <u>\$19,162</u> |
| ESTIMATED NET EFFECT ON COUNTIES | <u>\$19,162</u> | <u>\$19,162</u> | <u>\$19,162</u> |

FISCAL IMPACT - Small Business

There could be a fiscal impact on motor vehicle and boat dealers as a result of the proposed legislation.

DESCRIPTION

This proposal modifies several provisions of law relating to motor vehicle dealers and the licensing and registration process.

TEMPORARY PERMIT FEE - Under the proposal, an additional fee of \$2.50 shall accompany the sale of temporary permits or tags (\$7.50 tag fee and \$2.50 technology enhancement fee). The \$2.50 fee shall be deposited in the Enhanced Technology Fund. Such funds shall be used by the Department of Revenue for the purpose of issuance of temporary permits, electronic storage and transfer of data relating to the issuance of such permits, and any other purposes relating to registration and titling. No dealer shall charge more than \$15.00 for each permit issued (Section 301.140).

The proposal allows a dealer to provide proof that an application has been made for a duplicate certificate of ownership for each vehicle in the dealer's possession (Section 301.200).

DESCRIPTION (continued)

LICENSE PLATE MANUFACTURE BY DEPARTMENT OF CORRECTIONS - The proposal deletes from law the requirement that the Department of Corrections purchase, erect and maintain all the machinery to manufacture license plates. The proposal also removes the requirement that the Director of Revenue procure all plates from the Department of Corrections and the requirement that the Department of Transportation procure all signs from it (Section 301.290).

MOTOR VEHICLE DEALERS - The proposal modifies the definition of motor vehicle dealer by repealing the evidentiary standard that 6 or more vehicles must be sold in an calendar year in order to be engaged in the motor vehicle business (Section 301.550).

The proposal provides that a bona fide established place of business for a motor vehicle dealer must include a commercial, non-residential permanent enclosed building. The proposal also requires that the established place of business be an area or lot on which five or more vehicles may be displayed.

The proposal raises the amount of the corporate surety bond that motor vehicle and boat dealers must file with the Department of Revenue. The proposal raises the amount from \$25,000 to \$125,000.

The proposal raises the fee for distinctive dealer license number plates from \$50 to \$100. The proposal also raises the fee for boat dealer certificates from \$50 to \$100. After the issuance of the initial plate or certificate, manufacturers may not obtain more than 50 additional plates or certificates of number. After the issuance of the initial plate or certificate, motor vehicle dealers may only obtain 1 additional number plate and certificate for every 10 vehicle sold annually on the previous years sales.

The proposal specifically provides that dealer plates may be used by persons in a parade (Section 301.560).

LICENSE SUSPENSION/REFUSAL TO RENEW LICENSE - The proposal provides that the Department of Revenue may investigate dealer misconduct. The department may hold investigatory hearings and shall have the power to issue subpoena to compel the production of records and papers. The department may refuse to issue licenses or revoke the license of a dealer if the dealer engages in certain misconduct. The proposal provides that the department, in addition to other penalties, may assess a monetary penalty not to exceed \$1,000 (Section 301.562).

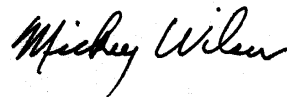
DESCRIPTION (continued)

SALE OF ANY VEHICLES UNLAWFUL - Under the proposal, it is unlawful for any person who is not a motor vehicle dealer to sell or display with an intent to sell any motor vehicles and trailers in a calendar year, except when such motor vehicles are registered or were previously registered in the name of the seller. Under the current law, a person can sell up to 6 motor vehicles a year without be licensed (Section 301.570).

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 Public Safety – Missouri State Highway Patrol
Office of the Treasurer
Department of Corrections
Office of Administration – Administration Hearing Committee



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Director
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