

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4123-01
Bill No.: SB 955
Subject: Licenses - Motor Vehicle; Revenue Department
Type: Original
Date: January 18, 2008

Bill Summary: Allows motor vehicle owners to receive refunds for unused registration fees under certain conditions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Highway Fund	Less than (\$100,000)	Less than (\$100,000)	Less than (\$100,000)
Total Estimated Net Effect on Other 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 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	Less than (\$100,000)	Less than (\$100,000)	Less than (\$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the Department of Transportation (DHT) state the proposal would result in a decrease in revenue. DHT states they are unable to provide an estimate for this proposal; therefore, they rely upon the Department of Revenue.

According to the **Department of Revenue (DOR)**, this proposed legislation requires DOR to refund credit on the unused portion of surrendered license plates if that amount is over \$5 when a motor vehicle is sold and is not being replaced. Currently, applicants receive a refund credit when they surrender their plates toward the purchase of another license plate. Under this proposal, applicants would receive a refund on the unused portion of their license plates when they do not plan to purchase another registration. This would result in an unknown amount of refunds, resulting in a loss to highway funds and cities and counties.

DOR would need to:

- Revise policy and procedures;
- Receive surrendered plates, which could create storage/shredding problems for the department's tag room and/or Vocational Enterprises; and,
- Process transactions in TRIPS to generate a receipt to the customer and transmit the refund information to Sam II and MTAS as well as cancel the registration in GRS.

DOR does not anticipate a large impact from this legislative proposal and would use existing staff to process the refunds. However; if the number of refunds from vehicles sold and not replaced grows in volume, DOR will request FTE and associated cost for processing the refunds, forms, postage, etc. through the appropriations process.

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing 3 existing CIT III's for 2 months at a rate of \$25,116. ITSD DOR estimates the IT portion of this request can be accomplished within existing resources; however; if priorities shift, additional FTE/overtime would be needed to implement. Funding would be requested through the budget process.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
HIGHWAY FUND			
<u>Loss</u> - Reduced revenue due to refunds from surrendered license plates	<u>Less than (\$100,000)</u>	<u>Less than (\$100,000)</u>	<u>Less than (\$100,000)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u><u>Less than (\$100,000)</u></u>	<u><u>Less than (\$100,000)</u></u>	<u><u>Less than (\$100,000)</u></u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
POLITICAL SUBDIVISIONS			
<u>Loss</u> - Counties - Reduced revenue due to refunds from surrendered license plates	<u>Less than (\$100,000)</u>	<u>Less than (\$100,000)</u>	<u>Less than (\$100,000)</u>
<u>Loss</u> - Cities - Reduced revenue due to refunds from surrendered license plates	<u>Less than (\$100,000)</u>	<u>Less than (\$100,000)</u>	<u>Less than (\$100,000)</u>
EXPECTED NET EFFECT ON POLITICAL SUBDIVISIONS	<u><u>Less than (\$100,000)</u></u>	<u><u>Less than (\$100,000)</u></u>	<u><u>Less than (\$100,000)</u></u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

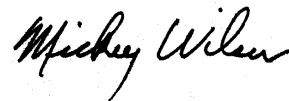
This proposed legislation allows a motor vehicle owner to receive a refund for the unused portion of a registration fee, provided such unused portion is in an amount of five dollars or greater, when the owner sells the motor vehicle and does not replace it with another. Under the current statute, persons can receive credit for unused portion of a registration fee if they cannot transfer their license plates to a newly acquired vehicle due to a change of vehicle category.

FISCAL DESCRIPTION (continued)

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



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Director
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