

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0806-01
Bill No.: HB 349
Subject: Motor Vehicles; License - Motor Vehicles
Type: Original
Date: February 4, 2013

Bill Summary: This proposal allows the owner of a property-carrying commercial motor vehicle to request and be issued two license plates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Highway Fund	\$178,670	\$213,441	\$212,452
Total Estimated Net Effect on <u>Other</u> State Funds	\$178,670	\$213,441	\$212,452

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 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	\$70,269	\$84,323	\$84,323

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Transportation** concur with Department of Revenue regarding any potential fiscal impact to their agency.

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.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

This proposal allows owners of property-carrying motor vehicles to obtain two plates when applying for registration. If two plates are issued, the Director of the Department of Revenue shall provide for distinguishing marks on the plates indicating one plate is for the front and the other is for the rear of the vehicle. This proposal also allows a fee not to exceed \$15 to be charged for the issuance of the second plate.

ASSUMPTION (continued)

Administrative Impact

Motor Vehicle Bureau

Officials from the **Department of Revenue (DOR) - Motor Vehicle Bureau (MVB)** state procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours overtime at a cost of \$1,206 in FY '14.

The Department's web site will need to be updated to include information regarding the issuance of one plate, as well as the second-plate option for commercial motor vehicles. This change will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY '14.

OA-ITSD (DOR) Impact

OA-ITSD has identified the following:

The monthly renewal print program will need to be revised to inform commercial motor vehicle applicants of the option to obtain two license plates;

General Registration System (GRS) modifications;

OA-ITSD would need to update TRIPS to allow for the issuance of a second plate to commercial motor vehicles in excess of 12,000 lbs as well as charge the \$15 for that second plate; and

Testing including:

- GRS;
- TRIPS; and
- MV renewal notices.

The IT portion of the fiscal impact is estimated with a level of effort calculated at FTE 240 hours valued at \$6,492.

In summary, DOR assumes a cost of \$8,023 (\$1,206 + \$325 + \$6,492) in FY '14 to provide for the implementation of the changes in this proposal.

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.

ASSUMPTION (continued)

For applicants who elect to obtain two plates, the Department would need to identify which plate is to be displayed on the front and which plate is to be displayed on the back.

Commercial motor vehicles registered in excess of 12,000 lbs are the only commercial motor vehicles that do not currently have the ability to be issued two license plates. This proposal would make the second plate available to those applicants.

Pursuant to the way this process was conducted previously, it is assumed the Department will issue to the applicant the front plate at the time of application and order the second plate at the time of application if requested by the customer.

- There are currently 224,857 registered commercial motor vehicles in excess of 12,000 lbs.
- It is assumed that 10%, or 22,486 of these registrants will want the second plate.
- The Department's cost to the Highway Fund per plate would be \$1.63, with an overall cost of \$30,543 in FY '14 (10 months), \$37,568 in FY '15, and \$38,508 FY '16 for the second commercial motor vehicle license plate.

It is assumed the Department would include an identifying tab for the rear license plate to identify it as a rear license plate for the vehicle. The front license plate would not have a tab, thus identifying it as a front license plate.

- It is assumed that 10%, or 22,486 of these registrants will want the second plate with 22,486 identifying tabs issued.
- The Department's cost to the Highway Fund per tab would be \$0.085, with an overall cost of \$1,593 in FY 14 (10 months), \$1,959 in FY 15, and \$2,008 FY 16.

ASSUMPTION (continued)

Revenue Impact

By allowing owners of property-carrying commercial motor vehicles to obtain two license plates instead of one and by charging \$15 for that second plate, there will be an increase in revenue.

- o Assuming that 10%, or 22,486, of the current 224,857 registered commercial motor vehicles in excess of 12,000 lbs will want the second plate issued in FY '14, this will result in an increase in revenue of \$281,075 in FY '14 (10 months), \$337,290 in FY '15 and FY '16 that is constitutionally distributed as follows:

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>
75% Highway Fund	\$210,806	\$252,968	\$252,968
15% Cities	\$42,161	\$50,594	\$50,594
10% Counties	<u>\$28,108</u>	<u>\$33,729</u>	<u>\$33,729</u>
	\$281,075	\$327,290	\$337,290

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
HIGHWAY FUND			
<u>Revenue - DOR</u>			
Increase from \$15 fee for 2 nd plate	\$210,806	\$252,968	\$252,968
<u>Cost - DOR</u>			
2 nd plate and tab cost	<u>(\$32,136)</u>	<u>(\$39,527)</u>	<u>(\$40,516)</u>
ESTIMATED NET EFFECT TO THE HIGHWAY FUND	<u>\$178,670</u>	<u>\$213,441</u>	<u>\$212,452</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Cities Increase from \$15 fee for 2 nd plate	\$42,161	\$50,594	\$50,594
<u>Revenue</u> - Counties Increase from \$15 fee for 2 nd plate	<u>\$28,108</u>	<u>\$33,729</u>	<u>\$33,729</u>
ESTIMATED NET EFFECT TO THE LOCAL POLITICAL SUBDIVISIONS	<u>\$70,269</u>	<u>\$84,323</u>	<u>\$84,323</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, a property-carrying commercial motor vehicle is only issued one license plate. This proposal allows an owner of one of these vehicles to request and be issued two plates. The Director of the Department of Revenue shall place distinguishing marks on the plates indicating one is for the front and one is for the rear. The director may assess and collect an additional charge not to exceed the fee charged for personalized plates for the second plate.

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
Office of the Secretary of State
Joint Committee on Administrative Rules



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Ross Strobe
Acting Director
February 4, 2013

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