

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4810-02
Bill No.: SB 707
Subject: Highway Patrol; Motor Vehicles; Public Safety Department; Roads and Highways; Transportation
Type: Original
Date: February 6, 2014

Bill Summary: This proposal modifies the definition of "all-terrain vehicle," "recreational off-highway vehicle," and "utility vehicle."

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	Unknown	Unknown	Unknown
Total Estimated Net Effect on General Revenue Fund	Unknown	Unknown	Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
School District Trust	Unknown	Unknown	Unknown
Conservation	Unknown	Unknown	Unknown
Parks and Soils	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri Highway Patrol** and the **Department of Transportation** assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Revenue (DOR)** state currently, "all terrain vehicles" (ATV), as defined in 301.010(1), are titled and registered under Section 301.700, RSMo, while "recreational off highway vehicles" (ROV), as currently defined, are not.

By deleting "with a seat designed to be straddled by the operator" and "handlebars for steering control" from the definition of an all terrain vehicle and "with a nonstraddle seat, and steering wheel" from the definition of a recreational off highway vehicle, this may cause confusion and remove any clarity as to the difference between an all terrain vehicle and a recreational off highway vehicle.

These definition changes have effectively shifted some recreational off-highway vehicles into the definition of an ATV. Therefore, there will be a requirement for more recreation off-highway vehicles, now falling under the definition of ATV, to be titled and registered with the Department and taxes to be collected at the time of titling, not at the time of sale.

The Department of Revenue anticipates a slight increase in revenue from the changes. As stated above, more ROV's will now be considered ATV's. Because of this, they will be taxed each time it's sold (upon titling) when they were never taxed after the initial purchase. It is unknown how this will impact total state revenue.

DOR states the sales taxes that would be collected on the resale of an ATV would be collected for the following funds (General Revenue 3%, School District Trust Fund 1%, Conservation .125%, and Parks and Soils .100%). Also, the titling and registration fees would be paid into the General Revenue Fund.

DOR also assumed the proposal would require administrative changes that will result in a level of effort equating to \$1,070 in fiscal year 2015.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal.

ASSUMPTION (continued)

Oversight will assume an unknown amount of additional sales tax revenue and titling/registration fee revenue will be collected as a result of this proposal. Oversight does not have information available to determine how many previously-classified "recreational off-highway vehicles" will now be classified as "all-terrain vehicles" as a result of this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Income</u> - Department of Revenue - additional titling/registration fees resulting from change in definition of all-terrain vehicle	Unknown	Unknown	Unknown
<u>Income</u> - Department of Revenue - additional sales tax collected during titling/registration of used all-terrain vehicle (above \$3,000) because of change in definition	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
SCHOOL DISTRICT TRUST FUND			
<u>Income</u> - Department of Revenue - additional sales tax collected during titling/registration of used all-terrain vehicle (above \$3,000) because of change in definition	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE SCHOOL DISTRICT TRUST FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT - State Government
(continued)

FY 2015
(10 Mo.)

FY 2016

FY 2017

**CONSERVATION COMMISSION
FUND**

Income - Department of Revenue -
additional sales tax collected during
titling/registration of used all-terrain
vehicle (above \$3,000) because of change
in definition

Unknown

Unknown

Unknown

**ESTIMATED NET EFFECT TO THE
CONSERVATION COMMISSION
FUND**

Unknown

Unknown

Unknown

PARKS AND SOIL FUNDS

Income - Department of Revenue -
additional sales tax collected during
titling/registration of used all-terrain
vehicle (above \$3,000) because of change
in definition

Unknown

Unknown

Unknown

**ESTIMATED NET EFFECT TO THE
PARKS AND SOIL FUNDS**

Unknown

Unknown

Unknown

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
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LOCAL POLITICAL SUBDIVISIONS

<u>Income</u> - additional sales tax collected during titling/registration of used all-terrain vehicle (above \$3,000) because of change in definition	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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FISCAL IMPACT - Small Business

Small businesses that sell these units could be administratively impacted result of this proposal.

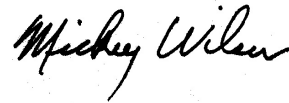
FISCAL DESCRIPTION

This act modifies the definitions of "all-terrain vehicle", "recreational off-highway vehicle", and "utility vehicle." For all-terrain vehicles, the requirements that the vehicle have handlebars for steering have been removed and the seat requirement has been changed to one designed for one or more persons. For recreational off-highway and utility vehicles the allowable width has been increased to 65 inches and allowable weight of the utility vehicle has been increased from 1,850 pounds to 2,000 pounds or less to match the recreational off-highway vehicle.

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 Highway Patrol
Department of Transportation
Department of Revenue



Mickey Wilson, CPA
Director
February 6, 2014

Ross Strobe
Assistant Director
February 6, 2014