

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0998-01
Bill No.: Perfected SB 166
Subject: Licenses - Motor Vehicle; Department of Transportation
Type: Original
Date: March 12, 2015

Bill Summary: This proposal changes the name “I Have a Dream” specialty license plate to the “Dare to Dream” specialty license plate.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any Of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume this proposal changes the tag line of the Martin Luther King, Jr. State Celebration Commission specialty personalized license plate from "I Have a Dream" to "Dare to Dream".

Administrative Impact

The "I Have a Dream" specialty personalized license plate as currently authorized by this section is not in production due to the uncertainty as to the authority to use the phrase "I Have a Dream". Therefore, for the purpose of this fiscal note the "Dare to Dream" plate is being treated as a brand new plate.

The following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$840 in FY `16.
- The Application for Personalized and Special License Plates (DOR-1716) will need to be revised to include a new plate type. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$840 in FY `16.
- The Department's web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$230 in FY `16.
- The Department would incur 20 overtime hours for a Revenue Processing Tech II to set up the new specialty plate within DOR systems and user acceptance testing at a cost of \$450 in FY `16.
- The Department would incur 20 overtime hours for a Revenue Processing Tech II to set up the new specialty plate within Motor Vehicle Bureau systems and testing at a cost of \$450 in FY `16.
- The Department would incur 16 hours of programming the new speciality plate type and facilitate the process through the Titling and Registration Internet Processing System. At a cost of \$1,200 in FY `16.

ASSUMPTION (continued)

In summary, DOR assumes a cost of \$4,010 ($\$840 + \$840 + \$230 + \$450 + \$450 + \$1,200$) in FY 2016 to provide for the implementation of the administrative changes in this proposal.

Oversight assumes at least some of these expenses could be absorbed by DOR.

Set-up, Mailing & Plate Manufacturing Cost:

Set-up:

The Department is charged \$215 for the initial set-up of a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY '16.

Mailing:

It is unclear as to how many qualified applicants would apply for these plates. DOR has made the assumption that there would be 200 applicants per year.

It currently costs the Department, on average, \$5.55 to ship a box of 10 sets of plates to license offices once they have completed the manufacturing process through Missouri Vocational Enterprises (MVE).

- DOR assumes with 200 applications per year, it would cost the Department \$93 in FY '16 (10 months), \$114 in FY '17, and \$117 in FY '18 to ship sets of plates to contract offices in various regions across the state.

Note: \$5.55 is an average cost, as the cost may decrease or increase based on the weight of the package, the area to which it is being sent, and how many boxes are being sent at one time.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

With 200 applications, it would cost \$93 in FY '16 (10 months), \$114 in FY '17, and \$117 in FY '18 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.49).

ASSUMPTION (continued)

Plate Manufacturing:

DOR also pays \$3.50 per flat plate (all specialty and personalized license plates are flat plates). The cost of the plate is taken from Highway Funds. Therefore, DOR assumes a cost to the Highway Fund of \$583 (10 applicants x \$3.50 per plate x 2 plates per vehicle - all at 10 months of the first year because of the August 28, 2016 effective date) in FY 2016, \$718 in FY 2017, and \$735 in FY 2018 (using a 2.5% cost increase in fiscal years 2016 and 2017).

In summary, DOR assumes a cost of \$4,994 (\$4,010 + \$215 + \$93 + \$93 + \$583) in FY '16, \$946 (\$114 + \$114 + \$718) in FY '17 and \$969 (\$117 + \$117 + \$735) in FY '18 to provide for personnel changes, set-up, mailing and plate manufacturing cost.

Revenue Impact

Assuming there will be 200 applicants for these plates per year, there would be an increase in revenue from the \$15 specialty plate fee of \$2,500 in FY '16 (10 months) and \$3,000 in FY '17 and FY '18 to the General Revenue Fund.

Officials from the **Department of Transportation** concur with the Department of Revenue regarding the fiscal impact on their organization.

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

Oversight assumes this proposal simply changes the name of the specialty license plate from "I Have a Dream" to "Dare to Dream." Oversight has already reflected the fiscal impact of the Martin Luther King Jr. specialty plate "I Have a Dream" in the fiscal note for HB 1807 in 2012. Therefore Oversight will reflect no impact to state or local governments for this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

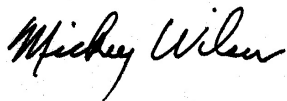
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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 Corrections
Department of Transportation



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March 12, 2015

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Assistant Director
March 12, 2015