

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1427-02
Bill No.: SCS for SB 278
Subject: Licenses - Motor Vehicle; Licenses - Miscellaneous; Department of Revenue
Type: Original
Date: March 9, 2015

Bill Summary: This proposal modifies provisions relating to registration of certain motor vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Greater than \$100,000)	\$5,659	\$9,761
Total Estimated Net Effect on General Revenue	(Greater than \$100,000)	\$5,659	\$9,761

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Highway Fund	\$1,176,322	\$1,592,469	\$1,346,265
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,176,322	\$1,592,469	\$1,346,265

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 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 permits permanent trailer registrations to any trailer as defined in Section 301.010, RSMo, and semitrailers, at a fee of \$52.50, by deleting restrictions to only those trailers or semitrailers which are operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly.

Administrative Impact:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY2016.
- The Department's web site will need to be updated to include the new plate type. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY2016.

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.

DOR states currently, one and three year trailer registrations expire at the end of a calendar year. Due to permanent trailer plates being non-expiring there will be a cost reduction from the elimination of renewal notices that are currently mailed at the end of each year. This proposal would result in savings to the Department for the cost of postage (\$.224 for each renewal notice) and forms (\$.0224 per renewal notice).

There are currently 308,746 trailer registrations expiring at the end of 2015 (FY2016), 275,972 at the end of 2016 (FY2017), and 160,747 at the end of 2017 (FY2018). Based on current statistics, 54% of trailer registrations have a one year registration and 46% have a three year registration. The Department will not be able to determine how many applicants will switch to a permanent registration at renewal of their current one or three year registration; therefore, for purposes of this fiscal note, it is assumed 10% of all applicants will obtain a permanent registration at renewal time, thus eliminating the need for a renewal notice in subsequent years.

All renewals expiring at the end of 2015 (FY 2016) will need to be mailed and thus no savings. There will be a savings of \$5,659 in FY 2017 and \$9,761 in FY 2018 to General Revenue.

ASSUMPTION (continued)

Revenue Impact

The table below reflects the impact for the proposed permanent registration (\$52.50) verses one and three-year registrations (\$7.50 for 1 year and \$22.50 for 3 year) as shown below:

	FY 2016	FY 2017	FY 2018
1 Year Trailer Plate	(\$125,042)	(\$172,539)	(\$148,957)
3 Year Trailer Plate	(\$319,552)	(\$417,926)	(\$339,394)
Permanent Plate	\$1,620,917	\$2,182,934	\$1,834,616
Total Increase to Highway Fund	\$1,176,322	\$1,592,469	\$1,346,265

Since it is unknown how many potential permanent trailer registrations will be issued, for fiscal note purposes only, **Oversight** will use DOR's estimate. Oversight will reflect a revenue increase for the proposed \$52.50 registration fee and a savings of cost associated with renewals to the Highway Fund.

Section 301.645

Officials from **Department of Revenue** assume this section of the proposal appears to require that the Department create a process by which a certificate of ownership or limited power of attorney form can be signed electronically. The Department is currently working to determine how implementation for an electronic signature on a certificate of ownership will be handled. For fiscal note purposes, the DOR assumes the cost of this section will be a one time cost of greater than \$100,000. The Department will provide a revised estimate when available.

ASSUMPTION (continued)

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assumed 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.

Officials from the **Department of Public Safety - Missouri Highway Patrol** and the **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal will have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Savings</u> - DOR Renewal notices not sent out	\$0	\$5,659	\$9,761
<u>Cost</u> - DOR Section 301.645	(Greater than <u>\$100,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Greater than <u>\$100,000</u>)	<u>\$5,659</u>	<u>\$9,761</u>

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

HIGHWAY FUND

Revenue - DOR

Permanent registration fee (\$52.50) vs 1 year (\$7.50) or 3 year (\$22.50) registration fees	<u>\$1,176,322</u>	<u>\$1,592,469</u>	<u>\$1,346,265</u>
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ESTIMATED NET EFFECT TO THE HIGHWAY FUND

<u>\$1,176,322</u>	<u>\$1,592,469</u>	<u>\$1,346,265</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018
	(10 Mo.)		

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

License offices may see a reduction in processing fees collected from trailer registrations.

FISCAL DESCRIPTION

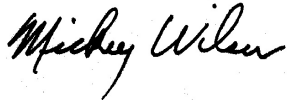
This act modifies the definition of junk vehicle to include a vehicle that has been designated junk or a substantially equivalent designation by this state or any other state. This act further modifies provisions relating to motor vehicles classified as junk vehicles including changing the requirement to forward the Director of Revenue a salvage certificate or certificate of ownership for the issuance of a negotiable junking certificate from permissive to mandatory, specifying allowable transactions with a junking certificate, and revising the language restricting issuance of a salvage or original certificate of title after a junking certificate has been issued. This act removes the requirement that a trailer or semitrailer must be coupled to a towing vehicle in a particular manner in order to be eligible for permanent registration. This act also allows the use of an electronic signature for a motor vehicle owner to assign ownership of a motor vehicle or trailer to an insurance company where the insurance company has paid or is paying a total loss claim on such motor vehicle or trailer.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue
Department of Public Safety
Office of the Secretary of State
Joint Committee on Administrative Rules



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March 9, 2015

Ross Strobe
Assistant Director
March 9, 2015