

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4715-01
Bill No.: Perfected SB 640
Subject: Licenses - Motor Vehicles; Licenses - Miscellaneous; Revenue Department;
 Transportation Department
Type: Original
Date: February 16, 2016

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 2017	FY 2018	FY 2019
General Revenue	\$0	\$5,764	\$9,722
Total Estimated Net Effect on General Revenue	\$0	\$5,764	\$9,722

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Highway Fund	\$1,135,090	\$1,623,577	\$1,076,525
Total Estimated Net Effect on Other State Funds	\$1,135,090	\$1,623,577	\$1,076,525

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
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 FY2017.
- 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 FY2017.

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 297,924 trailer registrations expiring at the end of 2016 (FY 2017), 289,114 at the end of 2017 (FY 2018), and 86,207 at the end of 2018 (FY 2019). 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 2016 (FY 2017) will need to be mailed and thus no savings. There will be a savings of \$5,764 in FY 2018 and \$9,722 in FY 2019 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 2017	FY 2018	FY 2019
1 Year Trailer Plate	(\$120,659)	(\$175,732)	(\$120,319)
3 Year Trailer Plate	(\$308,351)	(\$426,890)	(\$265,957)
Permanent Plate	\$1,564,101	\$2,226,199	\$1,462,802
Total Increase to Highway Fund	\$1,135,090	\$1,623,577	\$1,076,525

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.

Oversight notes that income to the Highway Fund may begin to reduce starting in the 4th fiscal year due to fewer 1 year and 3 year trailer plate renewals.

Officials from the **Department of Transportation** and **Department of Economic Development** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Savings - DOR</u> Renewal notices not sent out	<u>\$0</u>	<u>\$5,764</u>	<u>\$9,722</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>\$5,764</u>	<u>\$9,722</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2017 (10 Mo.)	FY 2018	FY 2019
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HIGHWAY FUND

<u>Revenue - DOR</u> Permanent registration fee (\$52.50) vs 1 year (\$7.50) or 3 year (\$22.50) registration fees	<u>\$1,135,090</u>	<u>\$1,623,577</u>	<u>\$1,076,525</u>
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ESTIMATED NET EFFECT TO THE HIGHWAY FUND	<u>\$1,135,090</u>	<u>\$1,623,577</u>	<u>\$1,076,525</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

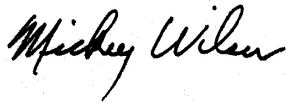
This proposal removes the requirement that a trailer or semitrailer must be coupled to a towing vehicle in a particular manner in order to be eligible for permanent registration and changes the supervising department for such registration from the Motor Carrier and Railroad Safety Division of the Department of Economic Development to the Highways and Transportation Commission of the Department of Transportation.

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 Transportation
Department of Revenue
Department of Economic Development



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