

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4715-02  
Bill No.: HCS for SB 640  
Subject: Licenses - Motor Vehicles; Licenses - Miscellaneous; Revenue Department;  
 Transportation Department  
Type: Original  
Date: April 29, 2016

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$18,347)	\$4,436	\$9,642
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$18,347)</b>	<b>\$4,436</b>	<b>\$9,642</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Highway Fund	\$1,135,091 to \$1,157,827	\$1,614,892 to \$1,666,110	\$1,059,336 to \$1,119,926
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$1,135,091 to \$1,157,827</b>	<b>\$1,614,892 to \$1,666,110</b>	<b>\$1,059,336 to \$1,119,926</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 10 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

#### §301.067

Opens permanent trailer registrations to any trailer as defined in §301.010, RSMo, and semitrailers, at a fee of \$52.50, by deleting restrictions for trailers or semitrailers which are operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly.

#### §301.125

This subsection establishes a committee that will facilitate and design the new license plate to be issued for vehicle registrations.

- Qualifying registrations would be exempt from the additional fee; and
- Qualifying registrations would be exempt from the bicentennial license plate design.

#### §301.136

Provides that any camping or fifth-wheel trailer, as defined in §407.1320, RSMo, that is over twenty-five years old may be permanently registered upon payment of a registration fee of \$25 dollars.

- §407.1320, RSMo, defines fifth-wheel trailer as a "vehicle, mounted on wheels, designed to provide temporary living quarters for recreational, camping or travel use, of such size or weight as to not require a special highway movement permit, of gross trailer area not to exceed four hundred square feet (37.2m<sup>2</sup>) in the set-up mode, and designed to be towed by a motorized vehicle that contains a towing mechanism that is mounted above or forward of the tow vehicle's rear axle."

#### §301.560

This proposal eliminates the reference to the Missouri State Water Patrol and adds "or authorized or designated employee" of the Highway Patrol in regards to the inspection performed to certify that an applicant for licensure as a boat manufacturer or boat dealer is a bona fide place of business.

ASSUMPTION (continued)

§301.564

Removes "water patrol" and adds "or authorized or designated employee" of the Highway Patrol in regards to the term "law enforcement official" as used in this section.

Administrative Impact

Motor Vehicle Bureau (MVB)

- Procedures will need to be revised by a Management Analyst Specialist I requiring 160 hours at a cost of \$3,560 in FY 17.
- The Application for Historic License Plates (DOR-570) will need to be revised to include a "Year of Manufacture" trailer registration option. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 17.
- The Department's website will need to be updated to include the new plate type. This will require 20 hours for an Administrative Analyst III, at a cost of \$480 in FY 17.
- The Department would incur 20 hours for a Revenue Processing Tech II to set up the new plate within MVB systems and testing at a cost of \$467 in FY 17.
- The Dealer Operating Manual will need to be revised to include the change. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 17.
- The Application for Dealer, Auction, or Manufacturer License and Number Plate(s) (DOR-4682) will need to be revised to include the change. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 17.

§301.067

Currently one and three year trailer registrations expire at the end of each given 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, or three years. 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 are one year and 46% are three year.

ASSUMPTION (continued)

Administrative Impact (continued)

The Department cannot determine how many applicants will switch to a permanent registration upon 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 the time of renewal, 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 there will be no savings. For FY 2018 there will be a savings of \$5,764 and in FY 2019 \$9,722.

§301.125

This proposed legislation requires the advisory committee to hold at least three public meetings in different areas of the state to invite public input on the final design. This will require travel, meals, and lodging expenses in FY 2018 for the Director of Revenue.

Meals \$34 per day x 6 days = \$204  
Lodging \$100 per day x 6 days = \$600  
Mileage 200 miles @ \$.37 per mile x 6 days = \$444  
Total travel expense: \$1,248

§301.136

This proposal allows for permanent, non-expiring trailer license plates and "year of manufacture" trailer license plates to be registered to camper trailers and fifth wheel camper trailers over 25 years old. The Department assumes "over 25 years old" mean 25 years old or older, as it is interpreted in §301.131, RSMo, for historic and year of manufacture motor vehicle registrations.

- The Department currently issues permanent trailer registrations under §301.067, RSMo. It is assumed the same permanent trailer plates currently in use will be issued to those camper trailers and fifth wheel camper trailers that are over 25 years under this proposal. Therefore, no costs for the creation of a new plate are being shown.
- The applicant must list on the application the year of the camper trailer and the body style as a camper.
- The "year of manufacture" trailer plates will be applied for, processed, and registrations issued through the central office only, similar to year of manufacture motor vehicle plates under §301.131, RSMo.

ASSUMPTION (continued)

Administrative Impact (continued)

The Department would incur additional postage costs for mailing "year of manufacture" trailer registrations to applicants.

- It is unknown how many applicants would specifically apply for "year of manufacture" trailer license plates. The following range is based on 10% of trailer owners that fit the appropriate category registering as "year of manufacture". The mailing costs could range from \$0.00 to \$154 in FY 17 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.49). As stated above in the revenue impact, the future fiscal years are all based on previous fiscal years. For purposes of this fiscal note, the range will be applied through the three applicable fiscal years coming out to about \$80 per fiscal year.
- OA-ITSD services will be required at a cost of \$11,016 (146.88 @ \$75 per hour) in FY 2017.

In summary DOR assumes a cost of **\$18,347** (\$3,560 + \$890 + \$480 + \$467 + \$890 + \$890 + \$154 + \$11,016) in FY 2017, **\$1,328** (\$1,248 + \$80) in FY 2018 and **\$80** in FY 2019. DOR assumes savings of \$5,764 in FY 2018 and \$9,722 in FY 2019.

Revenue Impact

§301.136

The revenue impact is dependent on the amount of individuals that choose the permanent registration. The fiscal impact could range from \$0.00 to \$22,737 in FY 17. This range is based on none of the eligible individuals registering with the permanent plate (\$0.00) to all eligible individuals registering with the permanent plate (\$22,737). In FY 18, there is a potential range of -\$8,685 to \$42,533. In FY 19, there is a range of -\$17,190 to \$43,400.

The fiscal years outside the scope of this note will have a larger potential and probable decrease in revenue. This is due to the fact that in the fourth year of a person having a permanent trailer plate, this is when the state really begins to see a decrease in revenue.

Each fiscal year is dependent on the previous fiscal year. If the majority of those eligible register permanently, the years following will see a decrease in registration fees. Therefore, there may be a slight increase in revenue for the first several fiscal years followed by a decrease in revenue.

ASSUMPTION (continued)

Revenue Impact (continued)

§301.067

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.

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
<b>Total Increase to Highway Fund</b>	<b>\$1,135,091</b>	<b>\$1,623,577</b>	<b>\$1,076,526</b>

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 Economic Development** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

In response to a previous version, officials from the **Department of Transportation** assumed the proposal would have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE FUND</b>			
<u>Savings</u> - DOR Renewal notices not sent out	\$0	\$5,764	\$9,722
<u>Cost</u> - DOR Administrative costs	<u>(\$18,347)</u>	<u>(\$1,328)</u>	<u>(\$80)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(\$18,347)</u></b>	<b><u>\$4,436</u></b>	<b><u>\$9,642</u></b>
<b>HIGHWAY FUND</b>			
<u>Revenue</u> - DOR (§301.136) Camping or trailer over 25 years old fees	\$0 or \$22,737	(\$8,685) to \$42,533	(\$17,190) to \$43,400
<u>Revenue</u> - DOR (§301.067) Permanent registration fee (\$52.50) vs 1 year (\$7.50) or 3 year (\$22.50) registration fees	<u>\$1,135,091</u>	<u>\$1,623,577</u>	<u>\$1,076,526</u>
<b>ESTIMATED NET EFFECT TO THE HIGHWAY FUND</b>	<b><u>\$1,135,091 to \$1,157,827</u></b>	<b><u>\$1,614,892 to \$1,666,110</u></b>	<b><u>\$1,059,336 to \$1,119,926</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>



FISCAL IMPACT - Small Business

License offices may see a reduction in processing fees collected from trailer registrations. There will also be a small decrease in processing fees for camping and fifth wheel trailers over 25 years old that will receive a permanent registration.

Small business will have the option to obtain a permanent trailer registration.

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.

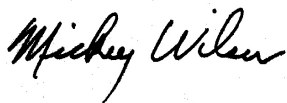
The proposal allows any trailer or semitrailer that is over twenty-five years old to be permanently registered.

This proposal also changes the inspection and licensure requirements for boat manufacturers and dealers to reflect the consolidation of the Missouri Water Patrol into the Missouri State Highway Patrol.

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 Transportation  
Department of Revenue  
Department of Economic Development



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Director

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Assistant Director

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