

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0202-01
Bill No.: SB 131
Subject: Licenses - Motor Vehicle; Motor Vehicles; Department of Revenue;
 Transportation
Type: Original
Date: February 8, 2017

Bill Summary: This proposal requires only one motor vehicle license plate unless the owner is eligible to receive a second plate.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Highway Fund	(\$104,667,304)	(\$20,933,461)	\$0
Total Estimated Net Effect on Other State Funds	(\$104,667,304)	(\$20,933,461)	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	(\$34,889,102)	(\$6,977,820)	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue (DOR)** state the following regarding this proposal:

§301.064

References land improvement contractors' commercial motor vehicles as being issued only one plate.

§301.120

Requires that when an owner of a motor vehicle moves to another state or ceases to operate the vehicle in Missouri the owner shall return the license plate or plates to the Director.

Provides for the surrender of the front plate on vehicles required to only show one plate at the time of renewal on or after August 28, 2017.

§301.130

Beginning August 28, 2018 the Department shall issue one license plate instead of two. It appears the Department will be unable to issue certificate of registrations and license plates from August 28, 2017 through August 27, 2018.

The plate will be required to be displayed on the rear of the vehicle, other than trucks, tractors, truck tractors or truck tractors licensed in excess of twelve thousand pounds, which will be required to have the plate on the front.

The Department to issue annually or biennially a single tab, or a set of tabs in cases where two license plates have been issued, as evidence of payment of registration fees and current registration.

The one plate provisions are to apply to the issuance of personalized license plates.

§301.144

Provides that the director shall issue one personalized license plate to each properly registered vehicle owner.

The Department is presently taking steps to implement the bicentennial license plate re-issuance on January 1, 2019 (HB 2380 from 2016).

ASSUMPTION (continued)

If this bill were amended to coincide with the implementation date for license plate re-issuance, the cost of re-issuance would be significantly reduced, citizens would not have to surrender a license plate when they were reissued a new plate, and license offices across the state would not have to store an excessive number of surrendered plates; further, the administrative burden on the Department in implementing re-issuance and a one-plate model would be significantly reduced.

If the date is not amended, it appears the Director's authority to issue license plates from August 28, 2017 through August 27, 2018 will be removed and a motor vehicle would not have to have license plates displayed in order to operate on the public highways. The fiscal impact to the Department could be as much as \$167,467,687. The registration fees that will not be collected are fees distributed to the Missouri Department of Transportation.

In addition, DOR assumes there will be a cost savings from issuing only one license plate; however, any savings would be offset by the cost of ordering plates in FY 2019 due to the fact that DOR would not be allowed to issue plates from August 29, 2017 through August 27, 2018 according to this proposal. There could be some savings in FY 2020 but DOR is unable to provide an estimate at this time.

Officials at the **Department of Corrections (DOC)** state the following regarding this proposal:

Missouri Vocational Enterprises (MVE), a self-sustaining entity, operates to provide jobs and training opportunities for offenders incarcerated in the DOC. The MVE License Plate Factory (or Tag Plant) has provided license plates for Missourians via the Department of Revenue (DOR) for many years. Passenger vehicles are currently the only class of vehicle that requires two plates.

The assumption that going to one plate will automatically cut costs in half is a misconception. Manufacturing costs for one plate will be greater on a per-plate basis than for two plates. The volume of raw materials will decrease which will likely increase the cost of aluminum, plate sheeting and tab material. In addition, the manufacturing process will not be changed, the amount of equipment will remain the same, staffing will not decrease and deliveries will still be necessary to all fee offices. MVE is reimbursed by the DOR for manufacturing costs and operates using the Working Capital Revolving Fund, not General Revenue funds.

Officials from the **Office of the Secretary of State (SOS)** state 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 SOS for Administrative Rules is less than \$2,500.

ASSUMPTION (continued)

The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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 that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Officials from the **Department of Transportation** and **Department of Public Safety - Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
HIGHWAY FUND			
<u>Loss - MoDOT - registration fees not collected (75%)</u>	<u>(\$104,667,304)</u>	<u>(\$20,933,461)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>(\$104,667,304)</u>	<u>(\$20,933,461)</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u> - Cities (15%) - registration fees not collected	(\$20,933,461)	(\$4,186,692)	\$0
<u>Loss</u> - Counties (10%) - registration fees not collected	<u>(\$13,955,641)</u>	<u>(\$2,791,128)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(\$34,889,102)</u>	<u>(\$6,977,820)</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

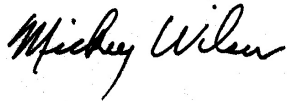
Currently, most vehicles are required to have two license plates. Under this act, the state will only issue one license plate beginning August 28, 2018, to motorists unless the registered owner is eligible to receive a second plate.

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 - Missouri Highway Patrol
Department of Transportation
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Corrections



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February 8, 2017

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