

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4511-07
Bill No.: SCS for HCS#2 for HB 1503
Subject: Military Affairs, Veterans, Department of Revenue, Licenses- Motor Vehicle, Professional Registration and Licensing, State Treasurer
Type: Original
Date: May 1, 2018

Bill Summary: This proposal modifies provisions regarding loans for veteran-owned small businesses, license plates for veterans, professional licensure for military spouses, and the Missouri reserve military force.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$119,977)	\$15,436	\$15,436
Total Estimated Net Effect on General Revenue	(\$119,977)	\$15,436	\$15,436

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§30.750, §30.756 and §620.3250 Veteran Loan Program

Officials at the **Office of Administration Division of Budget and Planning** assume this proposal would allow veterans to participate in Missouri's Linked Deposit program in order to obtain small business loans. There is no direct impact to General and Total State Revenues.

Officials at the **Department of Economic Development (DED)** assume this amends chapter 30 regarding loans to small businesses from the Treasurer's office. It also creates a new section, 620.3250. This version of the bill requires DED to provide a mentor for each project for a year and also requires DED to review and approve "a boots-to-business program" created by the small business vet.

Since DED does not administer the loans, DED cannot speculate as to how much will be spent on loans per year. However, assuming there are 100 loans per year, DED will need to hire 1 Band II Manager (\$63,618), 1 Economic Development Incentive Specialist III (\$53,136), and 10 Marketing/Business Specialists III (\$53,136) to implement the program.

The 12 FTE will require that DED pay for more space in the Truman Building, or, if that is not available, rent additional office space in Jefferson City. The cost for space for 12 FTE in the Truman Building is \$1,518/person/year for a cost of \$18,216/year. If DED is required to rent space in Jefferson City the cost is \$4,025/person/year for a total annual cost of \$48,300.

Oversight notes this proposal allows any veteran, who has a eligible veteran-owned small business as defined in this proposal, to receive a small business loan through the state treasurer's linked deposit program. Oversight assumes this portion of the proposal would have no additional fiscal impact.

Oversight notes that §620.3250.3, requires any applicant who receives a loan from an eligible lending institution be assigned a mentor and to meet with the mentor once every ninety days for one year. Oversight notes this proposal does not require DED to provide the mentors and to pay for the mentors. Oversight assumes that DED will be able to provide a list of mentors (not additional (new) state employees) in the applicants' area of the state they could work with. Oversight assumes that DED could provide the information using existing resources.

Officials at the **Missouri Veterans Commission** assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Officials at the **Office of the State Treasurer** assume there is no fiscal impact from this proposal.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

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

§41.050, §41.070, §41.080, §41.110, §41.260, §41.450, §41.460, §41.490, §41.500 Military Name Change

In response to similar legislation filed this year, HB 1469, officials from the **Department of Public Safety - Office of the Adjutant General** and the **Office of the Governor** each assumed the proposal would not fiscally impact their respective agencies.

Oversight notes this proposal would change the name in statute from "Missouri reserve military force" to "Missouri state defense force". Oversight assumes this would not have a fiscal impact.

ASSUMPTION (continued)

Plate manufacturing costs:

The Department pays \$3.75 per plate (\$7.50 per set) for manufacturing flat plates through Missouri Vocational Enterprises.

Based on 2,416 additional sets of disabled veteran license plates issued, the cost to the Department equals \$15,100 (10 months) in FY 2019, \$18,120 in FY 2020, and \$18,120 in FY 2021.

Mailings:

The Department currently pays on average \$5.55 to ship a box of 10 sets of plates to the contract offices once they have completed the manufacturing processing. The cost to mail the boxes of additional plates to the contract offices would equal \$1,120 in FY 2019, \$1,343 in FY 2020, and \$1,343 in FY 2021.

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.

The Department would incur additional postage cost for mailing notifications to those applicants notifying them that their plates are ready for pick up at the respective license office. The cost for mailing notifications to applicants equals \$1,117 in FY 2019, \$1,341 in FY 2020, and \$1,341 in FY 2021. This cost includes \$0.04 for envelopes, \$0.025 for letters, and \$0.49 for postage.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal; therefore, Oversight will reflect a fiscal impact of \$150,177 for IT services and mailing costs in FY 2019 and \$20,804 in FY 2020 and FY 2021.

Revenue Impact

The applicant is required to pay the registration fees whether obtaining a disabled veteran plate or other type of plate. Therefore, the Department will not see an increase in registration fees collected. Assuming the applicant would not otherwise apply for another specialty or military license plate and pay the \$15*, there may be an increase in the amount of specialty plate fees collected and distributed to General Revenue.

There are currently 8,054 disabled veteran license plates currently in use. The average household owns 1.5 vehicles. This legislation will result in an increase of disabled veteran license plates issued. We are basing this response on 30% of applicants applying for an additional set of disabled veteran license plates, which will result in an additional 2,416 sets of disabled veteran

ASSUMPTION (continued)

license plates issued and an increase of \$36,240 fees collected.

FY 2019 (10 Months)	FY 2020	FY 2021
\$30,200	\$36,240	\$36,240

*By way of example, if an applicant has a set of disabled veteran license plates on one vehicle and Army license plates on another vehicle (of which the \$15 is collected); then the applicant wants to replace the Army license plates with a second set of disabled veteran license plates, there will not be an increase in the \$15 collected.

If an applicant has a set of disabled veteran license plates on one vehicle and stock license plates on another vehicle (of which the \$15 is not collected); then the applicant wants to replace the stock license plates with a second set of disabled veteran license plates, there will be an increase in the \$15 collected.

§324.006 Professional Licensing and Registration

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume there is no fiscal impact from this proposal.

Oversight notes this provision allows that first priority should be given to spouses of members of the Armed Forces in regards to all professional licensing boards and commissions. Oversight assumes this would not have a fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
<u>Revenue</u> - DOR - increase in license plate fees for disabled veteran plates (§§301.074 & 301.075)	\$30,200	\$36,240	\$36,240
<u>Cost</u> - DOR - IT services	(\$132,840)	\$0	\$0
<u>Cost</u> - DOR - disabled veteran license plates (§§301.074 & 301.075)	(\$15,100)	(\$18,120)	(\$18,120)
<u>Cost</u> - DOR - mailing costs (§§301.074 & 301.075)	(\$2,237)	(\$2,684)	(\$2,684)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$119,977)</u>	<u>\$15,436</u>	<u>\$15,436</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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; however, loan guarantees might make it more likely some small businesses qualify for loans.

FISCAL DESCRIPTION

This proposal makes changes the linked deposit program.

Currently, a person eligible to receive disabled veteran license plates may receive one set of the plates and shall not be charged a fee to receive them.

This bill provides that a person may license a second or subsequent motor vehicle for disabled veteran plates, subject to the regular registration and personalized license plate fees.

FISCAL DESCRIPTION (continued)

The bill also updates a reference to a repealed section of law regarding license plate design, and specifies that there shall be no fee charged for Congressional Medal of Honor license plates in addition to regular registration fees.

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 Economic Development
Department of Insurance, Financial Institutions and Professional Registration
Department of Revenue
Joint Committee on Administrative Rules
Missouri Veterans Commission
Office of Administration
 Division of Budget and Planning
Office of the Secretary of State
Office of the State Treasurer

Ross Strope



Acting Director
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