

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5773-02
Bill No.: Perfected SS for SB 881
Subject: Disabilities; Fees; Licenses - Motor Vehicle; Military Affairs; Motor Vehicles;
 Department of Revenue; Transportation; Veterans
Type: Original
Date: March 2, 2018

Bill Summary: This proposal modifies provisions of law relating to special license plates.

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 7 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

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

§301.074

Removes the limitation of one set of Disabled Veteran license plates.

§301.075

Allows for the first set of Disabled Veteran license plates to be at no fee, but any subsequent sets of plates issued will be subject to regular registration fees and the fee required for a personalized license plate.

§301.145

Allows for the Department to waive the \$15 personalization fee for Congressional Medal of Honor license plates.

Administrative Impact

Currently, the Department can only issue one set of Disabled Veteran license plates to a qualified applicant. The applicant is not charged a fee for registration or the personalized plate. Under the proposed legislation, the first set of plates will remain at no fee. Any subsequent set of plates issued will be subject to the required registration fees and personalized plate fees.

The Department will be able to waive the \$15 personalization fee for Congressional Medal of Honor license plates. There are currently only two Congressional Medal of Honor license plates in use.

To implement the proposed legislation, the Department will be required to:

- Update procedures, specialty or military license plate charts, and the Department website;
- Update the Application for Missouri Military Personalized License Plates (DOR-4601);
- Update the license plate rejection language; and
- Complete programming and user acceptance testing of required systems.

FY 2019 - Motor Vehicle Bureau

Management Analysis Spec I 280 hrs, @ \$18.42 per hr. = \$5,158

ASSUMPTION (continued)

Administrative Impact (continued)

FY 2019 - Personnel Services Bureau

Management Analysis Spec I	40 hrs. @ \$18.42 per hr.	= \$ 737
Administrative Analyst III	10 hrs. @ \$19.43 per hr.	= \$ 194
Total		= \$ 931

Total Costs **\$6,089**

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.

OA-ITSD services will be required at a cost of \$132,840 (1,771.20 hours x \$75 per hour) in FY 2019.

In summary, DOR assumes a cost of **\$156,266** (\$6,089 + \$15,100 + \$1,120 + \$1,117 + \$132,840) in FY 2019 and **\$20,804** (\$18,120 + \$1,343 + \$1,341) in FY 2020 and FY 2021.

ASSUMPTION (continued)

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 administrative costs related to this proposal; therefore, Oversight will reflect a fiscal impact of \$150,177 for IT services, license plates 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 license plates issued and an increase of \$36,240 fees collected.

<u>FY 2019</u> (10 Months)	<u>FY 2020</u>	<u>FY 2021</u>
\$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.

There are currently only two "Congressional Medal of Honor" license plates in use. The revenue impact would be minimal to waive the \$15 personalization fee.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Revenue</u> - DOR - increase in license plate fees for disabled veteran plates	\$30,200	\$36,240	\$36,240
<u>Cost</u> - DOR - IT services	(\$132,840)	\$0	\$0
<u>Cost</u> - DOR - disabled veteran license plates	(\$15,100)	(\$18,120)	(\$18,120)
<u>Cost</u> - DOR - mailing costs	(\$2,237)	(\$2,684)	(\$2,684)
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ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<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.

FISCAL DESCRIPTION

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 act 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.

The act 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.

FISCAL DESCRIPTION (continued)

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 Revenue

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope".

Acting Director
March 2, 2018