

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1740-03
Bill No.: Perfected SCS for SB 330
Subject: Licenses - Motor Vehicle; Department of Revenue; Transportation
Type: Original
Date: April 8, 2019

Bill Summary: This proposal establishes special license plates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$17,466) to (\$73,487)	(\$1,968) to (\$82,599)	(\$1,968) to (\$83,280)
Total Estimated Net Effect on General Revenue	(\$17,466) to (\$73,487)	(\$1,968) to (\$82,599)	(\$1,968) to (\$83,280)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Highway Fund (0644)	\$3,750	\$4,500	\$4,500
Total Estimated Net Effect on <u>Other</u> State Funds	\$3,750	\$4,500	\$4,500

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

☐ 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 2020	FY 2021	FY 2022
Local Government	\$1,250	\$1,500	\$1,500

FISCAL ANALYSIS

ASSUMPTION

According to a report provided by the Department of Revenue, **Oversight** notes there are currently 196 different types of specialty license plate designs available in Missouri. From these 196 specialty license plates, there were 57,790 registrations as of January 31, 2019:

0 Registrations	Less than 100 Registrations	Less than 1,000 Registrations	More than 1,000 Registrations
42	87	52	15

Source: Department of Revenue

For most designs, there is a \$15 initial fee to apply for each specialty license plate and a \$15 annual renewal fee. However, the following designs do not have the \$15 fee; Congressional Medal of Honor (RSMo 301.145), Disabled Veteran (RSMo 301.071), Former Prisoner of War (RSMo 301.443), Purple Heart (RSMo 301.451), Retired Military Air Force (RSMo 301.441), Retired Military Army (RSMo 301.441), Retired Military Coast Guard (RSMo 301.441), Retired Military Marine (RSMo 301.441), Retired Military Marine Corps League (RSMo 301.441), Retired Military Merchant Marine (RSMo 301.441), Retired Military National Guard (RSMo 301.441), Retired Military Navy (RSMo 301.441), and We Shall Not Forget (RSMo 301.3142).

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

Administrative Impact

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

- Update procedures and the Department website;
- Update the Application for Missouri Personalized and Specialty License Plates (DOR-1716);
- Communicate with the Association of Missouri Electric Cooperatives for the development of the license plate; and
- Complete programming and user acceptance testing for identified systems.

FY 2020 - Motor Vehicle Bureau

Management Analysis Spec I	320 hrs. @ \$18.42 per hr.	= \$5,894
Administrative Analyst II	160 hrs. @ \$17.13 per hr.	= <u>\$2,741</u>
Total		= \$8,635

ASSUMPTION (continued)

Administrative Impact (continued)

FY 2020 - Personnel Services Bureau

Administrative Analyst III	20 hrs. @ \$19.80 per hr.	= \$ 396
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Total Costs = \$9,031

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

DOR notes the following:

Set-up cost:

The Department is charged \$5,215 for the initial set-up, design, and programming for a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill, in FY 2020

Plate manufacturing cost:

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

It is unknown how many applicants would apply for these license plates. The Department is assuming 400 applicants (200 for each plate) per year at a cost to the Department of \$1,250 (10 months) in FY 2020 and \$1,500 in FY 2021 and FY 2022.

Mailings:

It currently costs the Department, on average, \$5.55 to ship a box of 10 sets of plates to contract offices once they have completed the manufacturing process through MVE.

The mailing cost will be \$185 (10 months) in FY 2020 and \$222 in FY 2021 and FY 2022.

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 an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

ASSUMPTION (continued)

Administrative Impact (continued)

Assuming 400 applications per year (200 for each new plate) at a cost of \$205 (10 months) in FY 2020 and \$246 in FY 2021 and FY 2022 for letters (\$0.025), envelopes (\$0.040), and postage (\$0.55).

Oversight assumes DOR will incur costs related to this proposal; therefore, Oversight will reflect the plate set-up, plate manufacturing and mailing costs on the fiscal note ($\$5,215 + \$1,250 + \$185 + \$205 = \$6,855$ in FY 2020) and ($\$1,500 + \$222 + \$246 = \$1,968$ in FY 2021 and FY 2022).

DOR notes OA-ITSD services will be required at a cost of \$10,611 (141.48 hours x \$75 per hour) in FY 2020.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed to the TRIPS system. ITSD estimates the project would take 141.48 hours at a contract rate of \$75 per hour for a total cost to the state of \$10,611. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$10,611) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

Revenue Impact

DOR notes this proposal will result in an increase in the \$15 specialty plate reservation fees collected. It is unknown how many applicants will elect to obtain an Association of Missouri Electric Cooperatives specialty plate, but the increase should be minimal. \$15 specialty plate reservation fees are split 75-15-10 to Highways, Cities, and Counties.

Oversight assumes, based on DOR's assumptions for costs associated with the specialty plates, 400 applicants (200 for each plate) may choose to receive this specialty plate, resulting in \$6,000 (200 applicants x 2 plates x \$15) per year in revenue.

ASSUMPTION (continued)

Revenue Impact (continued)

	FY 2020 (10 Mos.)	FY 2021	FY 2022
Highway Fund	\$3,750	\$4,500	\$4,500
Cities	\$750	\$900	\$900
Counties	\$500	\$600	\$600

Source: Oversight

Officials from the **Department of Transportation (MoDOT)** assume the proposal will have no fiscal impact on their organization.

Oversight notes that MoDOT has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for MoDOT.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost</u> - DOR - one-time plate set-up fee p. 4	(\$5,215)	\$0	\$0
<u>Cost</u> - DOR - plate manufacturing fee p. 4	(\$1,250)	(\$1,500)	(\$1,500)
<u>Cost</u> - DOR - mailings p. 4-5	(\$390)	(\$468)	(\$468)
Cost - DOR - ITSD costs (ranged from contracting out programming (\$10,611) to hiring additional FTE IT Specialist)	(\$10,611) to <u>(\$66,632)</u>	\$0 to (\$80,631)	\$0 to (\$81,312)
Net FTE Change (ITSD)	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$17,466) to <u>(\$73,487)</u>	(\$1,968) to <u>(\$82,599)</u>	(\$1,968) to <u>(\$83,280)</u>
Estimated Net FTE Change to the General Revenue Fund	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
HIGHWAY FUND			
<u>Revenue</u> - specialty plate fees p. 5-6	<u>\$3,750</u>	<u>\$4,500</u>	<u>\$4,500</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$3,750</u>	<u>\$4,500</u>	<u>\$4,500</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Cities (15%) - specialty plate fees p. 5-6	\$750	\$900	\$900
<u>Revenue</u> - Counties (10%) - specialty plate fees p. 5-6	<u>\$500</u>	<u>\$600</u>	<u>\$600</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$1,250</u>	<u>\$1,500</u>	<u>\$1,500</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act establishes an "Association of Missouri Electrical Cooperatives" and a "Missouri Association of Municipal Utilities" special license plate. The plates requires an annual emblem-use authorization fee of \$25, in addition to the \$15 special personalized license plate fee and other requirements and fees as provided by law.

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
Department of Transportation

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April 8, 2019



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April 8, 2019

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