

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0138S.01I
Bill No.: SB 68
Subject: Historic Preservation; Motor Vehicles; Department of Revenue
Type: Original
Date: January 4, 2023

Bill Summary: This proposal repeals an annual mileage limitation applicable to historic motor vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Highway Fund*	More than or less than (\$2,047,166)	More than or less than (\$8,716,963)	More than or less than (\$8,716,963)
Total Estimated Net Effect on Other State Funds	More than or less than (\$2,047,166)	More than or less than (\$8,716,963)	More than or less than (\$8,716,963)

*With the removal of the mileage limitation and the log requirement, Oversight will assume more than or less than half (50%) of the eligible registrants with vehicles 25 years old or older will now choose the permanent historic vehicle registration (instead of regular annual or biennial registration) – resulting in a loss of annual vehicle registration fees. The actual numbers could be materially lower or higher.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government*	More than or less than (\$682,388)	More than or less than (\$2,905,654)	More than or less than (\$2,905,654)

*With the removal of the mileage limitation and the log requirement, Oversight will assume more than or less than half (50%) of the eligible registrants with vehicles 25 years old or older will now choose the permanent historic vehicle registration (instead of regular annual or biennial registration) – resulting in a loss of annual vehicle registration fees. The actual numbers could be materially lower or higher.

FISCAL ANALYSIS

ASSUMPTION

Officials from 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, specialty plate charts, correspondence letters, and the Department website;
- Update the Application for Missouri Historic or Personalized Historic License Plates (DOR-570);
- Update administrative rules; and
- Train staff.

FY 2024 – Motor Vehicle Bureau

Associate Research Data Analyst 10 hrs. @ \$ 19.91 per hr. = \$199

Lead Admin Support Assistant 10 hrs. @ \$17.06 per hr. = \$171

Administrative Manager 5 hrs. @ \$26.97 per hr. = \$135

Total = \$505

FY 2024 – Personnel Services Bureau

Associate Research Data Analyst 20 hrs. @ \$19.91 per hr. = \$398

Total = \$398

Total Costs = \$903

It is presumed this proposal will allow any vehicle over twenty-five years old (model year 1995) to obtain an unrestricted permanent historic or year of manufacture motor vehicle registration.

Currently, there are 704,401 registered motor vehicles 25 years of age and older, that are operating with non-historic or year of manufacture registrations. By removing the miles restriction and the miles driven logging requirement, this will open those owners, and also owners who do currently have historic or year of manufacture registrations, to obtaining an unrestricted permanent registration for those vehicles and usable as an everyday vehicle without annual or biennial renewal and fee requirements.

The Department provides the Historic Vehicle Log (DOR-4012) to registered historic and year of manufacture registration owners, but does not collect or maintain a record of the miles driven as recorded on the historic vehicle log. The log is only required to be kept in the historic vehicle when the vehicle is driven on any state road. Therefore, there would be no impact to the Department for the removal of the requirement.

This proposed legislation may result in an increased number of historic and/or year of manufacture registrations processed and issued by the Department and an increase in telephone inquiries and email correspondence received by the Department. If the volume is more significant than anticipated, additional FTE will be requested through the appropriations process.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Revenue Impact

DOR notes this legislation could result in an unknown, but potentially significant loss of revenue collected from registration fees on passenger vehicles and trucks that would now be allowed to obtain an unrestricted, permanent historic or year of manufacture registration on vehicles that are over 25 years old for only \$25.25.

The average registration fee for vehicles that qualify for historic license plates is \$33, which is \$7.75 more than the cost of historic license plates. If every owner of a vehicle that qualifies for a historic license plate utilizes this permanent registration type since there will no longer by a mileage restriction, the state will potentially lose out on \$5,459,108 (number of current vehicles that qualify for a historic plate x the difference in registration fee cost between historic and average regular registration fee $\$33 - \$25.25 = \$7.75 \times 704,401$) and approximately \$23,245,233 every year after (number of current vehicles that qualify for a historic plate x the average registration fee for vehicles that qualify for a historic license plate $\$33 \times 704,401$). It is unknown how many people who own vehicles that are 25 years old and older will take advantage of this provision, but it is anticipated a high percentage of eligible individuals will since it significantly reduces their registration costs and eliminates the need to renew the registration.

Registration fees collected are distributed 75% Highway Fund, 15% Cities, and 10% Counties.

Oversight does not have information to the contrary; however, Oversight assumes not every person with a vehicle over 25 years old will register it as a historic vehicle. Oversight assumes more than or less than **half** of these vehicle owners will register their vehicle as a historic vehicle; therefore, Oversight will reflect the fiscal impact as “More than or Less than \$2,729,554” in FY 2024 and “More than or less than \$11,622,617” in FY 2025 and beyond. Oversight notes the following fee distribution:

	FY 2024	FY 2025 & After	
Amount to Distribute	\$2,729,554	\$11,622,617	
Distribution		FY 2024	FY 2025
Highways	75%	\$2,047,166	\$8,716,963
Cities	15%	\$409,433	\$1,743,393
Counties	10%	\$272,955	\$1,162,261

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
HIGHWAY FUND			
<u>Loss</u> – DOR - decrease in registration fees for permanent historic registrations	More than or less than (\$2,047,166)	More than or less than (\$8,716,963)	More than or less than (\$8,716,963)
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	More than or less than (\$2,047,166)	More than or less than (\$8,716,963)	More than or less than (\$8,716,963)

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u> (Cities 15%) – decrease in registration fees for permanent historic registrations	More than or less than (\$409,433)	More than or less than (\$1,743,393)	More than or less than (\$1,743,393)
<u>Loss</u> (Counties 10%) – decrease in registration fees for permanent historic registrations	More than or less than (\$272,955)	More than or less than (\$1,162,261)	More than or less than (\$1,162,261)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUDIVISIONS	More than or less than (\$682,388)	More than or less than (\$2,905,654)	More than or less than (\$2,905,654)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Currently historic motor vehicles may be operated for personal use, as described in the statute, for no more than 1,000 miles per year. This act repeals this limitation.

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

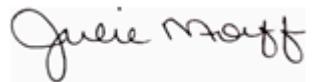
Department of Revenue

L.R. No. 0138S.01I

Bill No. SB 68

Page **7** of **7**

January 4, 2023



Julie Morff
Director
January 4, 2023



Ross Strope
Assistant Director
January 4, 2023