

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1154S.01I
 Bill No.: SB 221
 Subject: Motor Vehicles; Licenses - Motor Vehicle; Department of Revenue; Highway Patrol
 Type: Original
 Date: January 11, 2023

Bill Summary: This proposal directs the Department of Revenue to issue only one license plate to most motor vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	\$919,341	\$1,268,930	\$1,268,930
Total Estimated Net Effect on General Revenue	\$919,341	\$1,268,930	\$1,268,930

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Highway Fund	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Working Capital Revolving Fund	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Transfer In and Out net to zero.

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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Administrative Impact

In order to implement the proposed changes, the Department will be required to:

- Update procedures, manuals, correspondence letters, and the Department website;
- Complete programming and user acceptance testing; and
- Train staff.

FY 2024 – Motor Vehicle Bureau

Associate Research/Data Analyst 273 hrs. @ \$21.56/hr. = \$5,886

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Research/Data Analyst 136 hrs. @ \$26.91/hr. = \$3,660

Administrative Manager 68 hrs. @ \$29.21/hr. = \$1,986

FY 2024 – Strategy and Communications Office

Associate Research/Data Analyst 50 hrs. @ \$21.56/hr. = \$1,078

Total Cost = \$18,496

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 OA-ITSD services will be required at a cost of **\$138,101** in FY 2024 (1,453.69 hours x \$95 per hour).

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD costs on the fiscal note.

License Plate and Tab Cost:

DOR states passenger and light weight trucks are currently issued two license plates per registration. Motorcycle, motor tricycle, trailers, and heavy weight trucks are currently issued one license plate per registration. The current cost per embossed plates is \$1.86 and the cost per flat plate is \$3.90. Current cost for a set of tabs is \$0.16 and the cost of a single tab is \$0.105.

The Department issued approximately 1,095,008 new registrations in FY 2020.

FY 2020

Item	Amount Issued	Cost per Item	Total Cost
Embossed set of plates	896,898	\$3.3106	\$2,969,271
Embossed single plate	192,519	\$1.6553	\$318,677
Flat set of plates	5,395	\$7.50	\$40,463
Flat single plate	196	\$3.75	\$735
Totals	1,095,008		\$3,329,146

These figures are based on FY 2022 costs per plate and tab. The projected figures are based on the current costs per plate and tab, as there has been an increase in cost from the previous fiscal year. Missouri Vocational Enterprises estimates the cost per plate and tab to increase upon passage of this legislation, however, Missouri Vocational Enterprises is unable to estimate the cost increase at this time as many factors would need to be considered, and are currently unknown.

Assuming the Department issues the same number of new registrations in FY 2024, the Department projects the total cost to issue new single plates and tabs is \$2,163,097, resulting in a net savings of **\$1,166,049** (\$3,329,146 - \$2,163,097).

Projected FY 2024

Type of Plate	Projected Number of New Registrations	Projected Cost per Item	Projected Total Cost
Embossed	1,089,417	\$1.86	\$2,026,316
Flat	5,591	\$3.90	\$21,805
Single Tabs	1,095,008	\$0.105	\$114,976
Total			\$2,163,097

Renewal Registrations (Tabs only):

In Fiscal year 2020, approximately 2,179,072 registrations were renewed, with approximately 1,870,566 of these registrations having two license plates. Assuming the same amount of registrations with sets of license plates are renewed in FY 2024, an additional annual savings of **\$102,881** is projected (\$331,684 - \$228,803).

FY 2020

	Number of Tabs	Price per Tab	Total Cost
Sets	1,870,566	\$0.16	\$299,291
Single	308,506	\$0.105	\$32,393
Total			\$331,684

Projected FY 2024

	Number of Tabs	Price per Tab	Total Cost
Single	2,179,072	\$0.105	\$228,803

Projected Total Annual Savings New and Renewal Registrations

Item	FY 2024*	FY 2025	FY 2026
New Registrations	\$583,025	\$1,166,049	\$1,166,049
Renewal Registrations	\$51,441	\$102,881	\$102,881
Total Projected Savings	\$634,446	\$1,268,930	\$1,268,930

*Assuming January 1, 2024 start date

Oversight does not have information to the contrary and therefore, Oversight will reflect the savings estimates as provided by DOR. Oversight notes the implementation date of this proposal is August 28, 2023; therefore, Oversight will reflect 10 months of savings in FY 2024 instead of six as DOR indicated.

Officials from the **Department of Corrections (DOC)** assume the following regarding this proposal:

This proposal directs the Department of Revenue to issue only one license plate to most motor vehicles.

Passenger vehicles are currently the only class of vehicle that requires two plates. Trucks, trailers, and several other classes of vehicles only require one plate.

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.

Oversight is unable to determine if DOC's costs will decrease or increase; therefore, Oversight will range the fiscal impact from a positive "Unknown" savings (cost to manufacture license plates decreases) to a negative "Unknown" cost (cost to manufacture license plates increases) on the fiscal note.

DOR notes the transfer of funds to DOC for reimbursement of manufacturing license plates mostly comes from the Highway Fund to the Working Capital Revolving Fund. Once Highway Fund collections are expended for the fiscal year, General Revenue funds are used to reimburse

<u>FISCAL IMPACT – State Government</u> (continued)	FY 2024 (10 Mo.)	FY 2025	FY 2026
HIGHWAY FUND			
<u>Transfer Out</u> - DOR to DOC (MVE) - reimbursement of manufacturing costs for license plates	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>
WORKING CAPITAL REVOLVING FUND			
<u>Transfer In</u> - from DOR to DOC (MVE) - reimbursement of manufacturing costs for license plates	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>
WORKING CAPITAL REVOLVING FUND	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<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.

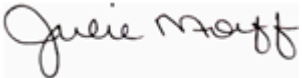
FISCAL DESCRIPTION

This act provides that the Department of Revenue shall issue only one license plate to most registered motor vehicles, as opposed to the current requirement to issue two plates.

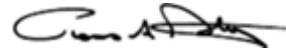
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Corrections
Missouri Department of Transportation
Missouri Highway Patrol



Julie Morff
Director
January 11, 2023



Ross Strobe
Assistant Director
January 11, 2023