

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0307-02
Bill No.: SB 11
Subject: Licenses - Motor Vehicle; Revenue Department; Veterans
Type: Original
Date: January 17, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$10,076)	(\$5,038)	(\$5,038)
Highway Funds	(\$744,238)	(\$730,546)	(\$730,546)
RR Grade Crossing Fund	(\$6,997)	(\$8,397)	(\$8,397)
Total Estimated Net Effect on <u>All</u> State Funds	(\$761,311)	(\$743,981)	(\$743,981)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Cities	(\$64,460)	(\$77,352)	(\$77,352)
Counties	(\$42,973)	(\$51,568)	(((\$51,568)
Local Government	(\$107,433)	(\$128,920)	(\$128,920)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTIONS

The **Department of Public Safety, Missouri Veteran's Commission** states that there are approximately 547,000 military members, retired, separated, or active duty, in Missouri. The Veteran's commission assumes if all of these persons seek to license one vehicle under this proposal, the Veteran's Commission would be required to assist approximately 30% of these individuals in determining eligibility. Based on those assumptions and an average cost of \$1 per phone call or mailing, the Veteran's Commission expects to require approximately \$164,000 in first year state General Revenue funds to support this proposal.

Oversight assumes that MVC would have to assist approximately 30 % of 33,586 military retirement benefit recipients in documenting eligibility. Based on that assumption and an average cost of \$1 per phone call or mailing, **Oversight** estimates the MVC will require approximately \$10,076 in first year state General Revenue funds to support this proposal. **Oversight** estimates subsequent years' requirements will be approximately 50% of the first year's requirement.

The **Department of Revenue (DOR)** estimates lost revenues from this proposal by assuming 90% of approximately 556,000 veterans in Missouri own a registered vehicle and would be eligible for a free registration. Of those, approximately 4% would also be exempt from the personalized or special plate fee. DOR stated the average passenger registration is \$25.75 and the average truck registration is \$28.25. There is an additional fee per registration of \$0.25 for the Railroad Grade Crossing Fee, and a \$15 fee for personalized or special plates. The Department of Revenue (DOR) estimates that 74% of registrations are for passenger vehicles and 26% are for trucks, and that all of the eligible individuals will choose biennial registration. Therefore, 50% of the eligible individuals will have a free biennial registration in FY02 and 50% will have a free biennial registration in FY03.

DOR estimated lost revenue for Highway Funds of \$15,134,693 in FY02 and \$12,107,753 in FY03 and FY04, lost revenue for cities of \$1,208,447 in FY02 and \$822,758 in FY03 and FY04, lost revenue for counties of \$725,361 in FY02 and \$580,289 in FY03 and FY04, and lost revenues for the Railroad Grade Crossing Fund of \$156,375 in FY02 and \$125,100 in FY03 and FY04.

Oversight assumes the number of persons eligible for free vehicle registration will be approximately equal to the 33,586 military retirement benefit recipients in the state, and has calculated lost revenue accordingly.

ASSUMPTIONS - continued

The **Department of Transportation** estimated lost revenues based on 90% of 556,000 persons, and calculated lost revenues for Highway Funds of \$9,519,508 in FY02 and \$11,423,409 in FY03 and FY04, and lost revenues for local funds of \$1,679,913 in FY02 and \$2,015,895 in FY03 and FY04. **Oversight** estimates are as stated above.

The **Department of Revenue** (DOR) assumes that these registrations can be handled with existing resources. However, the DOR assumes there will be a cost of \$11,612 for forms revision and postage to inform individuals of this proposal, and programming costs of \$135,450 for revising the DOR vehicle registration computer system.

Oversight assumes DOR could absorb the cost of forms and postage to inform their field offices of the new procedure and has excluded such costs from the fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
Cost - Missouri Veteran's Commission Expense and Equipment	<u>(\$10,076)</u>	<u>(\$5,038)</u>	<u>(\$5,038)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$10,076)</u>	<u>(\$5,038)</u>	<u>(\$5,038)</u>
HIGHWAY FUND			
Loss - Department of Revenue Registration fees	(\$608,788)	(\$730,546)	(\$730,546)
Cost - Department of Revenue Expense and Equipment	<u>(\$135,450)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(\$744,238)</u>	<u>(\$730,546)</u>	<u>(\$730,546)</u>
RAILROAD GRADE CROSSING FUND			
Loss - Department of Revenue Registration fees	(\$6,997)	(\$8,397)	(\$8,397)
ESTIMATED NET EFFECT ON RAILROAD GRADE CROSSING FUND	<u>(\$6,997)</u>	<u>(\$8,397)</u>	<u>(\$8,397)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
Revenue increase (reduction) -			
Cities	(\$64,460)	(\$77,352)	(\$77,352)
Counties	(\$42,973)	(\$51,568)	(\$51,568)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>(\$107,433)</u>	<u>(\$128,920)</u>	<u>(\$128,920)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal exempts retirees from any branch of the United States armed forces or reserves from paying registration fees on one motor vehicle.

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
Department of Public Safety - Veterans' Commission



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Director
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