

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0378-01
Bill No.: HB 58
Subject: Licenses - Motor Vehicle; Revenue Department
Type: Original
Date: February 2, 2009

Bill Summary: Requires that only license plate be issued for all motor vehicles, except those with personalized plates

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Highway Fund	\$1,555,633	\$4,960,376	\$5,009,981
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,555,633	\$4,960,376	\$5,009,981

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections - Missouri Vocational Enterprises** state this proposal will have no fiscal impact on their agency.

Officials from the **Department of Public Safety - Office of the Director** and **Missouri State Highway Patrol** state this proposal will have no fiscal impact on their respective agencies.

According to officials from the **Secretary of State's Office (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Transportation** assume there will be no fiscal impact to their agency; however, they defer to Department of Revenue regarding any fiscal impact to the Highway or Road Fund.

Officials from the **Department of Revenue (DOR)** provided the following assumptions regarding fiscal impact:

ADMINISTRATIVE IMPACT

§301.130 and 301.144

DOR will need to develop policies, procedures, and public information posters to be displayed in the contract offices. DOR will also need to revise current applicable forms. These costs will be absorbed.

DOR will need to revise the monthly renewal print program to inform applicants that only one plate and one tab is required and to surrender the extra plate at the time of renewal. There are no additional costs for this revision.

ASSUMPTION (continued)

DOR assumes it will not perform a mass recall of the second plate, which would incur substantial costs, and will allow the second plate to be displayed until the time of renewal. The extra plate will be surrendered at that time.

REVENUE IMPACT

This proposed legislation would go into effect August 28, 2009 and reissuance would end December 10, 2010. On the effective date of this legislation, August 28 (third quarter), sets of plates will have already been ordered. As well, plates for the fourth quarter, which will cover October through December, are ordered April 1, well in advance of the August 28 effective date. At the time of the order, plates will have been ordered in sets, not just one plate. DOR will see a loss of \$900,000 to the Highway Fund due to sets of plates having already been ordered for October through December. During this time period DOR will only issue one plate to renewal applicants as well as new registrations, leaving one plate left. For the purpose of this fiscal note it is assumed DOR will order 600,000 sets of plates for the fourth quarter 2009.

Total sets ordered	600,000
Total number of plates	1,200,000
Cost per plate	\$1.50
Number of single plates left	600,000
Overall plate loss	\$900,000

Cost Savings Plate/Tab Savings - New Registrations

Issuing one plate for new registrations would reduce the amount of embossed plates currently ordered from 2,327,278 to 1,163,639 each year resulting in a 1,163,639 difference and savings to General Revenue. However, Missouri Vocational Enterprises (MVE) has indicated that on July 1, 2009 plate costs will be increased to a \$1.50 per plate standard fee. MVE estimated that ordering fewer plates will further increase the cost per plate by \$.40 (from \$1.50 to \$1.90 per plate).

Since DOR already issues one plate for commercial motor vehicles licensed in excess of 12,000

ASSUMPTION (continued)

pounds, cycles, and trailers, the costs for these plates will increase as well due to fewer plates being ordered.

The amount of sets of year tabs ordered would decrease from 3,406,800 to 1,703,400. DOR currently orders 511,700 single year tabs for commercial motor vehicles licensed in excess of 12,000 pounds, cycles, and trailers, which would make the total number of tabs ordered approximately 2,215,100 year tabs each year. Although there will be a cost savings from issuing only one year tab, MVE has indicated that on July 1, 2009 tab costs will be increased to a \$.085 per tab for a \$.17 per set standard fee. MVE indicated that ordering less tabs will increase the cost per tab by \$.065 (from \$.085 to \$.15 per tab). Note: MVE indicated that the cost of plates and tabs is relative to the cost of raw materials, thus if the cost of raw materials goes up then the cost of plates and tabs will increase further.

	FY 2010*	FY 2011	FY 2012
New registrations - one plate savings	\$2,016, 514	\$4,073,357	\$4,114,091
New registrations - tab savings	\$ 439,119	\$ 887,019	\$ 895,890
Total new registration plate/tab savings	\$ 2,455,633	\$4,960,376	\$5,009,981

*Costs savings in FY 10 will only be for 6 months as many of the plates/tabs will already be ordered/manufactured by the time this law passes. A 1% growth rate is assumed in plate volumes/savings after FY 09. Personalized and specialty plates are excluded from the one plate proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
HIGHWAY FUND			
<u>Loss</u> - Department of Revenue - Unused license plates already produced	(\$900,000)	\$0	\$0
<u>Savings</u> - Department of Revenue - Reduction of license plates/tabs issued	<u>\$2,455,633</u>	<u>\$4,960,376</u>	<u>\$5,009,981</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$1,555,633</u>	<u>\$4,960,376</u>	<u>\$5,009,981</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<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.

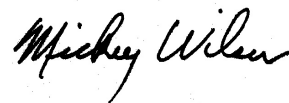
FISCAL DESCRIPTION

This proposed legislation requires that only one license plate be issued for all motor vehicles except those with personalized plates. Currently, two plates are issued for motor vehicles excluding property-carrying commercial motor vehicles registered at a gross weight in excess of 12,000 pounds, passenger-carrying commercial motor vehicles, local transit buses, school buses, trailers, semitrailers, motorcycles, motor tricycles, motor scooters, and drive away vehicles.

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
 Office of the Director
 Missouri State Highway Patrol
Department of Corrections
 Missouri Vocational Enterprises
Office of Secretary of State
 Rules Division



Mickey Wilson, CPA
Director

L.R. No. 0378-01
Bill No. HB 58
Page 7 of 7
February 2, 2009

February 2, 2009

LMD:LR:OD (12/02)