

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0944-01
Bill No.: HB 270
Subject: Licenses - Motor Vehicle: Motor Vehicles; Military Affairs
Type: Original
Date: January 26, 2009

Bill Summary: Waives the license fee for the first set of Purple Heart license plates and exempts a single motor vehicle so licensed from personal property taxes levied under Chapter 137, RSMo

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
Blind Pension Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 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	(Expected to Exceed \$100,000)	(Expected to Exceed \$100,000)	(Expected to Exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Department of Revenue (DOR)**, there were 270 sets of Purple Heart plates issued in FY 08. It is unknown as to how many were the first set of plates, which the one-time \$15 will not be charged, as apposed to additional sets of plates, in which the \$15 will be charged. DOR assumes there will be an unknown decrease in revenue from the first set of plates applied for. **Oversight** estimates a loss of approximately \$4,000, which includes a minimal loss of fee income to the Highway Fund

DOR would need to revise policies/procedures, the DOR website, and the personalized plate application at the time of reprint. For every Purple Heart license plate application received, DOR would need to manually verify that a customer has not already been issued a set of Purple Heart plates to determine if the \$15 fee should be charged or not. Due to the minimal amount of applications received each year no additional FTE's are required.

Officials from the **Missouri Veterans Commission (VET)** assume no fiscal impact to their agency resulting from this proposal. VET is unable to determine the number of Purple Heart recipients for the state of Missouri. The Purple Heart is awarded from each branch of service through the Department of Defense (DOD) and that information is not accessible to VET. Officials from VET have made numerous contacts to DOD in the past requesting such information.

Officials from the **State Tax Commission (TAX)** reported that their records indicate that in 2007 approximately \$679 million in personal property taxes were collected on motor vehicles. The Department of Revenue estimated nearly 5,951,511 vehicles were registered as of December, 2006. Based on these figures, the average amount of property taxes paid on each vehicle was \$114. Department of Revenue data shows that as of October, 2008, there were a total of 2,238 Purple Heart Plates issued.

Oversight assumes that if there is only one Purple Heart recipient per license plate issued (as opposed to two or more vehicles per recipient with Purple Heart plates), the total property tax exemption would be approximately \$255,000. Also, other Purple Heart recipients may obtain the Purple Heart plate in order to receive the property tax exemption. This would result in a potential loss to local political subdivisions (schools, cities, and counties) in excess of \$100,000. Oversight assumes the fiscal impact to the Blind Pension Fund would be approximately ½ of 1% of the impact to local governments and therefore less than \$100,000 per year. Oversight will indicate a loss of tax revenue of (Less than \$100,000) to the Blind Pension Fund.

ASSUMPTION (continued)

Officials from the following local political subdivisions indicated little or no fiscal impact to their respective local governments: **St Louis County, Clinton County, City of Joplin, Kansas City.**

Officials from **Buchanan County** estimate the cost of this proposal to their county to be approximately \$1,000 per year.

Officials from the City of **Centralia** estimate a loss of \$130 in city taxes per year.

Officials from the **City of Cape Girardeau** assume a reduction of taxes paid to their city.

Officials from the **City of West Plains** assumed no direct fiscal impact on their city; however, a loss of county personal property taxes and state license fees might eventually impact pass-through fees to cities.

Officials from **Cass County** would see no fiscal impact waiving the fee for the first set of Purple Heart license plates. Entities receiving tax revenue from personal property taxes might see a slight decline in revenue for the exemption of personal property taxes of Purple Heart licensed vehicles. Based on the fact it is limited to a single vehicle and the number of purple heart plates is a small percentage, it is assumed that the decline would be minimal.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
BLIND PENSION FUND			
<u>Revenue Reduction</u> - Personal property tax exemption	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	(<u>Less than</u> <u>\$100,000</u>)	(<u>Less than</u> <u>\$100,000</u>)	(<u>Less than</u> <u>\$100,000</u>)

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL POLITICAL SUBDIVISIONS			
	\$0	\$0	\$0
<u>Revenue Reduction</u> - Personal property tax exemption	(Expected to Exceed <u>\$100,000</u>)	(Expected to Exceed <u>\$100,000</u>)	(Expected to Exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Expected to Exceed \$100,000)</u>	<u>(Expected to Exceed \$100,000)</u>	<u>(Expected to Exceed \$100,000)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposed legislation authorizes the Department of Revenue to provide free of charge one set of "PURPLE HEART" specialized license plates to any person who has been awarded the medal. Any additional sets of special license plates may be obtained at the current fee for specialized plates.

The bill also exempts one licensed motor vehicle owned by or leased to a veteran or the surviving unwed spouse of a deceased veteran from all personal property taxes.

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

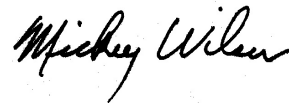
SOURCES OF INFORMATION

Department of Revenue
Missouri Veterans Commission
Missouri Tax Commission
Cities

Cape Girardeau
Kansas City
Joplin
West Plains
Centralia

Counties

Cass
Clinton
St Louis
Buchanan

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 26, 2009