

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1149-01
Bill No.: HB 948
Subject: Licenses - Motor Vehicle; Motor Vehicles; Revenue Department
Type: Original
Date: March 27, 2009

Bill Summary: Replaces motor vehicle license tabs with windshield stickers

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	\$0	(\$41,632)	(\$83,264)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$41,632)	(\$83,264)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Highway Fund	\$0	\$1,020,787	\$2,041,574
Total Estimated Net Effect on Other State Funds	\$0	\$1,020,787	\$2,041,574

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	\$0	\$340,261	\$680,522

FISCAL ANALYSIS

ASSUMPTION

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

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. 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 Revenue (DOR)** state their agency will need to:

- Revise the renewal print program to inform applicants about the window sticker provisions and revise appropriate procedures. There are no added costs for these revisions.
- Order window stickers for all vehicles except trailers and cycles and inventory them to offices. DOR anticipates paying \$.26 for each window sticker.
- Continue to order tabs for cycles and trailers.
- Notify all dealers (motor vehicle, salvage, and leasing) - requesting funding in the amount of \$4,254 in FY 11.

Sticker Costs

Currently, DOR pays \$.26 for each set of tabs and \$.13 for each single tab. Single tabs are issued to cycles and trailers. Under this proposal, all vehicles except cycles and trailers would be issued one window sticker in lieu of any license plate tab. Assuming a window sticker cost of \$.26 each, the net cost difference would be zero except for transfers as noted below. Existing printers and printer cartridges would be used so no equipment cost is being shown. Contract offices would print the decals displaying the license plate number in their offices. A new window sticker would need to be issued with each license plate transfer resulting in 320,247 additional stickers at a yearly cost of \$83,264 (\$41,632 for 6 months of FY 2011).

ASSUMPTION (continued)

Research has been done regarding printing of tabs and stickers in the offices. Currently offices provide in some instances their own printers and all offices provide the ink cartridges. In many cases these cartridges are refurbished and probably will not suffice for the vender sticker guarantee for two years. It is anticipated the new cartridges will be in excess of \$100,000.

DOR states that IT will need to revise TRIPS to issue/accommodate a window sticker on demand that contains the license plate number and whatever other vehicle information is decided. Appropriate changes will need to be made to the inventory system. TRIPS will also need to require an \$8.50 replacement fee for every transfer that occurs, except on cycles. These systems will still need to accommodate tabs for cycles and trailers.

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing 1 existing CIT III for 1 month at a rate of \$4,441. ITSD DOR estimates the IT portion of this request can be accomplished within existing resources; however; if priorities shift, additional FTE/overtime would be needed to implement.

Revenue Impact

DOR states that Constitutional Amendment 3 (2004) authorizes 3% of highway funds to be used to offset the actual cost to collect such funds by the Department of Revenue. For purposes of this fiscal note, DOR assumes costs will be appropriated from the General Revenue Fund. Through the appropriations process, the general assembly may appropriate the constitutionally permissible highway fund amount to offset the General Revenue Fund cost shown in this fiscal note.

During FY 2008, the DOR processed 320,247 license plate transfers. There will be an increase in revenue from the \$8.50 replacement window sticker fee DOR must collect for each license plate that is transferred (in addition to the \$2 transfer fee) in the amount of \$2,722,099 per year distributed as follows:

	FY 2011 (6 months)	FY 2012	FY 2013
Highway Fund (75%)	\$1,020,787	\$2,041,574	\$2,041,574
Cities (15%)	\$204,157	\$408,314	\$408,314
Counties (10%)	\$136,104	\$272,208	\$272,210
TOTAL	\$1,361,048	\$2,722,096	\$2,722,096

ASSUMPTION (continued)

Officials from the **Department of Transportation** concur with the Department of Revenue regarding fiscal impact on the Highway Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Cost</u> - Department of Revenue - Additional window stickers for license plate transfers	<u>\$0</u>	<u>(\$41,632)</u>	<u>(\$83,264)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$41,632)</u>	<u>(\$83,264)</u>
HIGHWAY FUND			
<u>Income</u> - Replacement window sticker fee	\$0	\$1,020,787	\$2,041,574
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$0</u>	<u>\$1,020,787</u>	<u>\$2,041,574</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Cities and Counties - Replacement window sticker fee	<u>\$0</u>	<u>\$340,261</u>	<u>\$680,522</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$340,261</u>	<u>\$680,522</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 a window sticker instead of a license plate tab to be placed on the inside front windshield of a motor vehicle to show the current registration. A window sticker will not be issued for a motorcycle or trailer registration.

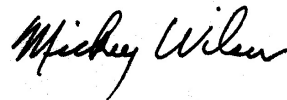
The Director of the Department of Revenue is allowed, beginning January 1, 2012, to prescribe additional information to be recorded on the window sticker to ensure that it positively correlates with the license plate or plates issued for the vehicle.

The proposal would become effective January 1, 2011.

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 Corrections
 Missouri Vocational Enterprises
Department of Public Safety
 Missouri State Highway Patrol
Office of Secretary of State
 Administrative Rules Division



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Director
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