

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3329-01
Bill No.: HB 1438
Subject: Motor Vehicles; Revenue Department
Type: Original
Date: February 16, 2010

Bill Summary: This proposal replaces the front license plate tab with a windshield sticker.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| General Revenue | (\$289,284 to \$482,141) | (\$414,641 to \$800,354) | (\$414,641 to \$800,354) |
| Total Estimated Net Effect on General Revenue Fund | (\$289,284 to \$482,141) | (\$414,641 to \$800,354) | (\$414,641 to \$800,354) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------------|------------|------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| Working Capitol Revolving Fund | (Unknown) | \$0 | \$0 |
| Total Estimated Net Effect on <u>Other</u> State Funds | (Unknown) | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| | | | |
| | | | |
| 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 2011 | FY 2012 | FY 2013 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Office of the Director** and **Missouri State Highway Patrol** and the **Department of Transportation** 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.

According to officials from the **Department of Corrections - Missouri Vocational Enterprises (MVE)**, the MVE does not have the equipment to produce tabs that will adhere to the inside of the windshield. New equipment would have to be purchased in order to meet the requirements of this proposed legislation. Also, there is a potential for loss in profits if the Department of Revenue were to produce and provide these tabs instead of MVE. The fiscal impact of this bill is unknown to the Department of Corrections.

Oversight assumes the Department of Revenue would continue to contract with MVE to produce the tabs required by this proposal. **Oversight** assumes MVE would incur one-time costs for equipment to produce the tabs.

Officials from the **Department of Revenue (DOR)** state that their response to a proposal similar to or identical to this one in a previous session indicated DOR planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the Department's motor vehicle legacy systems, changes cannot be made without significant impact to DOR resources and budget.

ADMINISTRATIVE IMPACT

DOR would need to develop an instruction pamphlet to provide to the offices for the customers

ASSUMPTION (continued)

on how to display the window tab.

| | |
|---|---------------|
| • 183 offices x 200 pamphlets = 36,600 x .06 | \$2,196 |
| • 1 Management Analysis to develop form - 40hrs x \$20.13 | \$ 805 |
| • 1 Administrative Analyst III to update Web page- 40 hrs x \$20.13 | <u>\$ 805</u> |
| | \$3,806 |

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Information Technology - OA-ITSD (DOR):

It is estimated to take 40 hours to make necessary modifications and will be absorbed by existing staff.

REVENUE IMPACT

DOR currently has 1,836,730 tabs in stock at contract offices across the state and in storage. It is assumed DOR would need to destroy all tabs currently in offices as each tab has an identifying number and replace them with one standard tab and one adhesive tab with corresponding tab numbers.

DOR has paid \$.085 per tab at a cost of \$156,122. DOR would need to eliminate all of these tabs that DOR has already paid for and will not recoup.

Oversight assumes the costs incurred with the production tabs has already been incurred with no expectation of reimbursement. For fiscal note purposes only, **Oversight** will show no loss for existing tabs in stock.

Adhesive Tab Costs:

- DOR issues, on average, 2,367,216 license plates per year (not including motorcycles and trailers). Standard non-adhesive single tabs will continue to be issued for cycles and trailers.

ASSUMPTION (continued)

- DOR would need to order 964,283 standard tabs to replace 6 months inventory of the destroyed tabs. This volume is a 5% increase of the actual volume needed in order to stock the offices. At a cost of \$.085 per standard tab it would cost DOR \$81,964 in FY 11 for standard tabs.
- Per information obtained from a materials vendor, DOR anticipates paying \$.215 - \$.415 per window sticker. This is a cost range from \$414,641 - \$800,354 for 1,928,566 adhesive window stickers. The cost to DOR would be \$207,320 - \$400,177 in FY 11 (6 months) and \$414,641- \$800,354 in FY 12 and FY 13 to issue one adhesive window sticker for every motor vehicle registration.

| <u>FISCAL IMPACT - State Government</u> | FY 2011 (6 Mo.) | FY 2012 | FY 2013 |
|--|--|--|--|
| GENERAL REVENUE | | | |
| <u>Cost - Department of Revenue - Replacement tabs and windshield sticker costs</u> | (\$289,284 to <u>\$482,141</u>) | (\$414,641 to <u>\$800,354</u>) | (\$414,641 to <u>\$800,354</u>) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$289,284 to \$482,141)</u> | <u>(\$414,641 to \$800,354)</u> | <u>(\$414,641 to \$800,354)</u> |
| WORKING CAPITOL REVOLVING FUND | | | |
| <u>Cost - Department of Corrections / Missouri Vocation Enterprises - Equipment to produce windshield stickers</u> | <u>(Unknown)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON WORKING CAPITOL REVOLVING FUND | <u>(Unknown)</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2011 (6 Mo.) | FY 2012 | FY 2013 |
|---|--------------------|------------|------------|
| | <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.

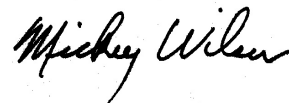
FISCAL DESCRIPTION

Beginning January 1, 2011, this proposed legislation replaces the front license plate tab with an adhesive tab which is to be placed on the inside of the vehicle's front windshield in a location designated by the Department of Revenue.

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 Vocational Enterprises
Department of Transportation
Department of Public Safety
 Office of the Director
 Missouri State Highway Patrol
Office of Secretary of State
 Administrative Rules Division



Mickey Wilson, CPA
Director
February 15, 2010