

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4707-03
Bill No.: SCS for HB 1745
Subject: Licenses - Motor Vehicles; Licenses - Miscellaneous.; Department of Revenue;
 Department of Transportation; Boats and Watercraft; Highway Patrol; Water
 Patrol
Type: Original
Date: April 15, 2016

Bill Summary: This proposal modifies provisions relating to the registration of trailers, semi-trailers and camping trailers, and the inspection of boat manufacturers and dealers, and bus length limits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$18,347)	\$5,684	\$9,642
Total Estimated Net Effect on General Revenue	(\$18,347)	\$5,684	\$9,642

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Highway Fund	\$1,135,091 to \$1,157,827	\$1,614,892 to \$1,666,110	\$1,059,336 to \$1,119,926
Total Estimated Net Effect on Other State Funds	\$1,135,091 to \$1,157,827	\$1,614,892 to \$1,666,110	\$1,059,336 to \$1,119,926

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

§301.067

Opens permanent trailer registrations to any trailer as defined in §301.010, RSMo, and semitrailers, at a fee of \$52.50, by deleting restrictions for trailers or semitrailers which are operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly.

Section 301.136

Provides that any camping or fifth-wheel trailer, as defined in §407.1320, RSMo, that is over twenty-five years old may be permanently registered upon payment of a registration fee of \$25 dollars.

- §407.1320, RSMo, defines fifth-wheel trailer as a "vehicle, mounted on wheels, designed to provide temporary living quarters for recreational, camping or travel use, of such size or weight as to not require a special highway movement permit, of gross trailer area not to exceed four hundred square feet (37.2m²) in the set-up mode, and designed to be towed by a motorized vehicle that contains a towing mechanism that is mounted above or forward of the tow vehicle's rear axle."

Section 301.560

This proposal eliminates the reference to the Missouri State Water Patrol and adds "or authorized or designated employee" of the Highway Patrol in regards to the inspection performed to certify that an applicant for licensure as a boat manufacturer or boat dealer is a bona fide place of business.

Section 301.564

Removes "water patrol" and adds "or authorized or designated employee" of the Highway Patrol in regards to the term "law enforcement official" as used in this section.

ASSUMPTION (continued)

Administrative Impact

Motor Vehicle Bureau (MVB)

- Procedures will need to be revised by a Management Analyst Specialist I requiring 160 hours at a cost of \$3,560 in FY `17.
- The Application for Historic License Plates (DOR-570) will need to be revised to include a "Year of Manufacture" trailer registration option. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY `17.
- The Department's website will need to be updated to include the new plate type. This will require 20 hours for an Administrative Analyst III, at a cost of \$480 in FY `17.
- The Department would incur 20 hours for a Revenue Processing Tech II to set up the new plate within MVB systems and testing at a cost of \$467 in FY `17.
- The Dealer Operating Manual will need to be revised to include the change. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY `17.
- The Application for Dealer, Auction, or Manufacturer License and Number Plate(s) (DOR-4682) will need to be revised to include the change. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY `17.

§301.067

Currently one and three year trailer registrations expire at the end of each given calendar year. Due to permanent trailer plates being non-expiring, there will be a cost reduction from the elimination of renewal notices that are currently mailed at the end of each year, or three years. This proposal would result in savings to the Department for the cost of postage (\$.224 for each renewal notice) and forms (\$.0224 per renewal notice).

There are currently 297,924 trailer registrations expiring at the end of 2016 (FY 2017), 289,114 at the end of 2017 (FY 2018), and 86,207 at the end of 2018 (FY 2019). Based on current statistics 54% of trailer registrations are one year and 46% are three year.

ASSUMPTION (continued)

Administrative Impact (continued)

The Department cannot determine how many applicants will switch to a permanent registration upon renewal of their current one or three year registration; therefore, for purposes of this fiscal note, it is assumed 10% of all applicants will obtain a permanent registration at the time of renewal, thus eliminating the need for a renewal notice in subsequent years. All renewals expiring at the end of 2016 (FY 2017) will need to be mailed, and thus there will be no savings. For FY 2018 there will be a savings of \$5,764 and in FY 2019 \$9,722.

§301.136

This proposal allows for permanent, non-expiring trailer license plates and "year of manufacture" trailer license plates to be registered to camper trailers and fifth wheel camper trailers over 25 years old. The Department assumes "over 25 years old" mean 25 years old or older, as it is interpreted in §301.131, RSMo, for historic and year of manufacture motor vehicle registrations.

- The Department currently issues permanent trailer registrations under §301.067, RSMo. It is assumed the same permanent trailer plates currently in use will be issued to those camper trailers and fifth wheel camper trailers that are over 25 years under this proposal. Therefore, no costs for the creation of a new plate are being shown.
 - The applicant must list on the application the year of the camper trailer and the body style as a camper.
- The "year of manufacture" trailer plates will be applied for, processed, and registrations issued through the central office only, similar to year of manufacture motor vehicle plates under §301.131, RSMo.

The Department would incur additional postage costs for mailing "year of manufacture" trailer registrations to applicants.

- It is unknown how many applicants would specifically apply for "year of manufacture" trailer license plates. The following range is based on 10% of trailer owners that fit the appropriate category registering as "year of manufacture". The mailing costs could range from \$0.00 to \$154 in FY `17 and average \$80 thereafter for envelopes (\$0.04), letters (\$0.025), and postage (\$0.49).
- OA-ITSD services will be required at a cost of \$11,016 (146.88 hours @ \$75 per hour).

ASSUMPTION (continued)

In summary, DOR assumes costs of \$18,347 (\$3,560 + \$890 + \$480 + \$467 + \$890 + \$890 + \$11,016 + \$154) in FY 2017, savings of \$5,764 in FY 2018 and savings of \$9,722 in FY 2019.

Revenue Impact

§301.067

There are currently 297,924 trailer registrations expiring at the end of 2016 (FY 2017), 289,114 at the end of 2017 (FY 2018), and 86,207 at the end of 2018 (FY 2019). Based on current statistics 54% of trailer registrations are one year and 46% are three year.

DOR cannot determine how many applicants will obtain a permanent registration in lieu of a one or three year registration either at initial issuance or renewal; therefore, for purposes of this fiscal note, it is assumed 10% of all applicants will obtain a permanent registration.

The fee of \$52.50 will be charged for the issuance of permanent registrations resulting in the revenue estimate impact for permanent registrations vs. one and three-year trailer registrations as shown below:

	FY 2017	FY 2018	FY 2019
1 Year Trailer Plate	(\$120,659)	(\$175,732)	(\$120,319)
3 Year Trailer Plate	(\$308,351)	(\$426,890)	(\$265,957)
Permanent Plate	\$1,564,101	\$2,226,199	\$1,462,802
Total Increase to Highway Fund	\$1,135,091	\$1,623,577	\$1,076,526

Note: All three-year registrations collected in FY 2017, FY 2018 and FY 2019 will not come up for renewal until after the scope of this fiscal note and therefore are not reflected.

Since it is unknown how many potential permanent trailer registrations will be issued, for fiscal note purposes only, **Oversight** will use DOR's estimate. Oversight will reflect a revenue increase for the proposed \$52.50 registration fee and a savings of cost associated with renewals to the Highway Fund.

Oversight notes that income to the Highway Fund may begin to decrease starting in the 4th fiscal year due to fewer 1 year and 3 year trailer plate renewals.

ASSUMPTION (continued)

Revenue Impact (continued)

§301.136

The revenue impact is dependent on the amount of individuals that choose the permanent registration. The fiscal impact could range from \$0.00 to \$22,737 in FY `17. This range is based on none of the eligible individuals registering with the permanent plate (\$0.00) to all eligible individuals registering with the permanent plate (\$22,737). In FY `18, there is a potential range of -\$8,685 to \$42,533. In FY `19, there is a range of -\$17,190 to \$43,400.

The fiscal years outside the scope of this note will have a larger potential and probable decrease in revenue. This is due to the fact that in the fourth year of a person having a permanent trailer plate, the state begins to see a decrease in revenue.

Each fiscal year is dependent on the previous fiscal year. If the majority of those eligible register permanently, the years following will see a decrease in registration fees. Therefore, there may be a slight increase in revenue for the first several fiscal years followed by a decrease in revenue.

Officials from the **Department of Corrections, Department of Public Safety - Missouri Highway Patrol** and **Department of Agriculture** assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Department of Transportation** assumed the proposal would have no fiscal impact on their organization.

This proposal will increase **Total State Revenue**.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Savings</u> - DOR	\$0	\$5,764	\$9,722
Renewal notices not sent out §301.067			
<u>Cost</u> - DOR	(<u>\$18,347</u>)	(<u>\$80</u>)	(<u>\$80</u>)
Administrative costs to implement proposal §301.067			
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$18,347)</u>	<u>\$5,684</u>	<u>\$9,642</u>
HIGHWAY FUND			
<u>Revenue</u> - DOR	\$0 or \$22,737	(\$8,685) to \$42,533	(\$17,190) to \$43,400
Permanent registration fee (\$52.50) vs 1 year (\$7.50) or 3 year (\$22.50) registration fees §301.136			
<u>Revenue</u> - DOR	<u>\$1,135,091</u>	<u>\$1,623,577</u>	<u>\$1,076,526</u>
Permanent trailer fees §301.067			
ESTIMATED NET EFFECT TO THE HIGHWAY FUND	<u>\$1,135,091 to \$1,157,827</u>	<u>\$1,614,892 to \$1,666,110</u>	<u>\$1,059,336 to \$1,119,926</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

License offices may see a reduction in processing fees collected from trailer registrations. There will also be a small decrease in processing fees for camping and fifth wheel trailers over 25 years old that will receive a permanent registration.

Small business will have the option to obtain a permanent trailer registration.

FISCAL DESCRIPTION

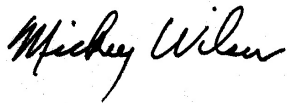
Currently, only a trailer or semitrailer that is operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly may permanently registered the trailer upon the payment of a \$25 fee. The proposal allows any trailer or semitrailer that is over twenty-five years old to be permanently registered.

This proposal also changes the inspection and licensure requirements for boat manufacturers and dealers to reflect the consolidation of the Missouri Water Patrol into the Missouri State Highway Patrol.

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 Transportation
Department of Revenue
Department of Public Safety
 Missouri Highway Patrol
Department of Corrections
Department of Agriculture



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Director
April 15, 2016

Ross Strobe
Assistant Director
April 15, 2016