

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3331-01
Bill No.: HB 1473
Subject: Licenses - Motor Vehicle; Veterans; Department of Revenue
Type: Original
Date: January 8, 2020

Bill Summary: This proposal establishes a special license plate for the Central Missouri Honor Flight.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$14,888)	(\$984)	(\$984)
Total Estimated Net Effect on General Revenue	(\$14,888)	(\$984)	(\$984)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Highway Fund	\$1,875	\$2,250	\$2,250
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,875	\$2,250	\$2,250

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$625	\$750	\$750

FISCAL ANALYSIS

ASSUMPTION

§301.3069 - Central Missouri Honor Flight Specialty License Plate

According to a report provided by the Department of Revenue, **Oversight** notes there are currently 200 different types of specialty license plate designs available in Missouri. From these 200 specialty license plates, there were 57,460 registrations as of September 16, 2019:

0 Registrations	Less than 100 Registrations	Less than 1,000 Registrations	More than 1,000 Registrations
47	84	54	15

For most designs, there is a \$15 initial fee to apply for each specialty license plate and a \$15 annual renewal fee. However, the following designs do not have the \$15 fee; Congressional Medal of Honor (§301.145, RSMo), Disabled Veteran (§301.071, RSMo), Former Prisoner of War (§301.443, RSMo), Purple Heart (§301.451, RSMo), Retired Military Air Force (§301.441, RSMo), Retired Military Army (§301.441, RSMo), Retired Military Coast Guard (§301.441, RSMo), Retired Military Marine (§301.441, RSMo), Retired Military Marine Corps League (§301.441, RSMo), Retired Military Merchant Marine (§301.441, RSMo), Retired Military National Guard (§301.441, RSMo), Retired Military Navy (§301.441, RSMo), and We Shall Not Forget (§301.3142, RSMo).

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

Administrative Impact

To implement the proposed legislation, the Department will be required to:

- Update procedures and the Department website;
- Update the Application for Missouri Personalized and Special License Plate (DOR-1716);
- Communicate with the Central Missouri Honor Flight for development of the license plate; and
- Complete programming and user acceptance testing for identified systems.

FY 2020 - Motor Vehicle Bureau

Management Analysis Spec I

240 hrs. @ \$18.42 per hr. = \$4,421

ASSUMPTION (continued)

Administrative Impact (continued)

FY 2020 - Strategy and Communications Office

Administrative Analyst III 10 hrs. @ \$19.80 per hr. = \$ 198

FY 2020 - General Services Bureau

Administrative Office Support Assistant 5 hrs. @ \$13.78 per hr. = \$ 69

Total Costs = \$4,688

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the administrative personnel costs related to this proposal.

Set-up cost:

The Department is charged **\$215** for the initial set-up, design, and programming for a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY 2021.

Plate manufacturing cost:

The Department pays \$3.75 per plate for manufacturing flat plates through Missouri Vocational Enterprises (MVE).

It is unknown how many applicants would apply for these license plates. The Department is assuming 200 applicants per year at a cost to the Department of **\$625** (10 months) in FY 2021 and **\$750** in FY 2022 and FY 2023.

Mailings:

It currently cost the Department, on average, \$5.55 to ship a box of 10 sets of plates to contract offices once they have completed the manufacturing process through MVE.

The mailing cost will be **\$93** (10 months) in FY 2021 and **\$111** in FY 2022 and FY 2023.

Note: \$5.55 is an average cost, as the cost may decrease or increase based on the weight of the package, the area to which it is being sent, and how many boxes are being sent at one time.

ASSUMPTION (continued)

Administrative Impact (continued)

The Department would incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

Assuming 200 applications per year at a cost of **\$103** (10 months) in FY 2021 and **\$123** in FY 2022 and FY 2023 for letters (\$0.025), envelopes (\$0.040), and postage (\$0.55).

OA-ITSD services will be required at a cost of **\$13,852** in FY 2021 (145.81 x \$95 per hour).

In summary DOR assumes a cost of **\$14,888** in FY 2021 (\$215 + \$625 + \$93 + \$103 + \$13,852) and **\$984** in FY 2022 and FY 2023 (\$750 + \$111 + \$123).

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's Expense & Equipment costs on the fiscal note.

Revenue Impact

DOR notes this legislation will result in an increase in the \$15 specialty plate reservation fees collected. It is unknown how many applicants will elect to obtain a U.S. Coast Guard Auxiliary specialty plate, but the increase should be minimal. \$15 specialty plate reservation fees are split 75-15-10 to Highways, Cities, and Counties.

Oversight assumes, based on DOR's assumptions for costs associated with the specialty plates, 200 applicants may choose to receive this specialty plate, resulting in \$3,000 per year in revenue.

	FY 2021 (10 Mos.)	FY 2022	FY 2023
Highway Fund	\$1,875	\$2,250	\$2,250
Cities	\$375	\$450	\$450
Counties	\$250	\$300	\$300

Source: Oversight

Officials from the **Department of Transportation (MoDOT)** defer to DOR for the fiscal impact of this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Cost</u> - set-up cost p. 4	(\$215)	\$0	\$0
<u>Cost</u> - plate manufacturing cost p. 4	(\$625)	(\$750)	(\$750)
<u>Cost</u> - mailing p. 4	(\$93)	(\$111)	(\$111)
<u>Cost</u> - postage p. 5	(\$103)	(\$123)	(\$123)
<u>Cost</u> - OA-ITSD p. 5	<u>(\$13,852)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$14,888)</u>	<u>(\$984)</u>	<u>(\$984)</u>
HIGHWAY FUND			
<u>Revenue</u> - specialty plate fees p. 5	<u>\$1,875</u>	<u>\$2,250</u>	<u>\$2,250</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$1,875</u>	<u>\$2,250</u>	<u>\$2,250</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Cities (15%) - specialty plate fees p. 5	\$375	\$450	\$450
<u>Revenue</u> - Counties (10%) - specialty plate fees p. 5	<u>\$250</u>	<u>\$300</u>	<u>\$300</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$625</u>	<u>\$750</u>	<u>\$750</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The bill authorizes a special license plate with the official emblem of the Central Missouri Honor Flight. The license plate requires an annual \$25 contribution for emblem use to Central Missouri Honor Flight. Criteria for the license plate design submitted by Central Missouri Honor Flight are specified in the bill. Previously issued special plates will not bear the Central Missouri Honor Flight emblem unless reauthorized with the \$25 contribution fee.

Any contribution made to Central Missouri Honor Flight under this provision, except reasonable administrative costs, shall be used solely for financial assistance to transport veterans to Washington D.C. to view various veteran memorials.

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



Julie Morff
Director
January 8, 2020



Ross Strobe
Assistant Director
January 8, 2020