

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5740-01
Bill No.: SB 821
Subject: Motor Vehicles; Licenses - Motor Vehicle; Revenue Department
Type: Original
Date: March 4, 2014

Bill Summary: This proposal adds a motorcycle registration surcharge of \$5 to be deposited in the Motorcycle Safety Trust Fund for motorcycle safety programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Motorcycle Safety Trust Fund	\$475,570	\$428,665	\$455,400
Total Estimated Net Effect on <u>Other</u> State Funds	\$475,570	\$428,665	\$455,400

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer**, the **Office of the State Courts Administrator** and the **Department of Elementary and Secondary Education** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (HB 1572), officials from the **Department of Public Safety - Missouri Highway Patrol** assumed the proposal would have no fiscal impact on their organization.

Officials from the **Department of Revenue (DOR)** assumes this proposal requires a registration surcharge in the amount of \$5 to be added to each motorcycle registration fee charged by the Department for all new motorcycle registrations and all motorcycle registration renewals. Surcharges collected shall be paid to the state treasury to the credit of the motorcycle safety trust fund.

Administrative Impact

The following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$840 in FY `15.
- The Department's website will need to be updated. This will require ten hours for an Administrative Analyst III, at a cost of \$230 in FY `15.
- The Application for Missouri Title and License (DOR-108) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$840 in FY `15.
- The Application for Motor Vehicle License (DOR-184) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$840 in FY `15.
- The motor vehicle renewal notice will need to be updated for motorcycle renewals only. This will require ten hours for an Administrative Analyst III, at a cost of \$230 in FY `15.
- MVB testing for identified system modifications. Two hours for each system modification for a total of eight hours by a Management Analyst Specialist I at a cost of \$168 in FY `15.

ASSUMPTION (continued)

- OA-ITSD will require system modifications for a total of 328 hours at a cost of \$8,954 in FY `15.

In summary, DOR assumes a cost of \$12,102 (\$840 + \$230 + \$840 + \$840 + \$230 + \$168 + \$8,954) in FY 2015 to provide for the implementation of the changes in this proposal.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the 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.

Revenue Impact

This proposal requires a \$5 surcharge to be applied to all motorcycle registrations issued or renewed. Motorcycles may be issued an annual or biennial registration. The Department assumes, based on the language, that the \$5 surcharged is to be a flat fee and will not change if a biennial registration is issued (\$5 for annual registrations or \$10 for biennial registrations).

DOR assumes this surcharge is to be collected regardless of the vehicle being new or used.

Currently, there are 139,948 registered motorcycles in the state of Missouri. All motorcycle registrations expire in April of the corresponding year. Based on prior Department research, on average, 57% of all registrations are biennial and 43% are annual.

Assuming all current motorcycle registrations are renewed in subsequent years the revenue increase from the \$5 surcharge is as follows:

FY 15

There are currently 78,291 registrations that expire in April 2014. If 43% (33,665) of those that expire in April 2014 renew for one year until April 2015 (FY `15), the increase will be \$168,325 in FY `15.

There are currently 61,449 registrations that expire in April 2015 (two year registration from 2013) resulting in an increase of \$307,245 in FY `15.

Total for FY `15 - \$475,570 (\$168,325 + \$307,245)

ASSUMPTION (continued)

FY 16

If 57% (44,626) of the 78,291 registrations that expire in April 2014 renew for two years until April 2016 (FY `16) the increase will be \$223,130 in FY `16.

If 43% (40,899) of the 95,114 registrations that were renewed in April 2015 renew for one year until April 2016 (FY `16) the increase will be \$204,495 in FY `16.

There are currently 208 registrations that expire in April 2016 (FY `16) resulting in an increase of \$1,040 in FY `16.

Total for FY `16 - \$428,665 ($\$223,130 + \$204,495 + \$1,040$)

FY 17

If 57% (54,215) of the 95,114 registrations that were renewed in April 2015 renew for two years until April 2017 (FY `17) the increase will be \$271,075 in FY `17.

If 43% (36,865) of the 85,733 that were renewed in 2016 renew for one year until April 2017 (FY `17) the increase will be \$184,325 in FY `17.

Total for FY `17 - \$455,400 ($\$271,075 + \$184,325$)

In summary, the Motorcycle Safety Trust Fund will generate a revenue of \$475,570 in FY 2015, \$425,665 in FY 2016 and \$445,400 in FY 2017.

For fiscal note purposes, **Oversight** will use the Department of Revenues estimate for revenue generated to the Motorcycle Safety Trust Fund. It should be noted the revenue generated may fluctuate in any given year depending on the number of registrants who obtain annual registrations or biennial registrations at previous renewals and how many new motorcycle registrations are obtained in any given year.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
MOTORCYCLE SAFETY TRUST FUND			
<u>Revenue - DOR</u> \$5 surcharge for motorcycle registration	<u>\$475,570</u>	<u>\$428,665</u>	<u>\$455,400</u>
ESTIMATED NET EFFECT TO THE MOTORCYCLE SAFETY TRUST FUND	<u>\$475,570</u>	<u>\$428,665</u>	<u>\$455,400</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2015 (10 Mo.)	 FY 2016	 FY 2017
	<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

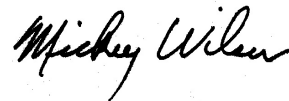
Beginning January 1, 2015, this proposal requires a \$5 surcharge to be added to each fee charged by the Department of Revenue for a new motorcycle registration and a motorcycle registration renewal with the moneys to be credited to the Motorcycle Safety Trust Fund to fund, upon appropriations, the Motorcycle Safety Education Program within the Department of Public Safety.

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

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SOURCES OF INFORMATION

Office of the State Treasurer
Department of Revenue
Department of Public Safety
Office of the State Courts Administrator
Department of Elementary and Secondary Education



Mickey Wilson, CPA
Director
March 4, 2014

Ross Strobe
Assistant Director
March 4, 2014