

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0323S.02P
 Bill No.: Perfected SCS for SB 49
 Subject: Boats and Watercraft; Crimes and Punishment; Lakes, Rivers, and Waterways;
 Transportation; Water Patrol
 Type: Original
 Date: February 10, 2021

Bill Summary: This proposal modifies provisions relating to watercraft.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$165,494)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$165,494)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Water Patrol Fund (0400)*	More or less than \$5,353,008	More or less than \$6,295,145	More or less than \$5,904,940
Total Estimated Net Effect on <u>Other</u> State Funds	More or less than \$5,353,008	More or less than \$6,295,145	More or less than \$5,904,940

***Oversight** assumes starting in FY 2025, there could be a reduction in the number of registrations resulting in a potential loss in revenue to the Water Patrol Fund. With the optional lifetime registration fee being three times the current fee, the State will not realize a potential overall loss of funding for nine to eleven years. Oversight used the assumption that 50 percent of all boat renewals will chose this new option. The percentage of registrations that utilize this option could vary substantially from this estimate, therefore the “More or Less than”.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§306.030 – Senate Amendment (SA) 1

Officials from 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 internal procedures, forms, and Department website;
- Update the Missouri Titling Manual;
- Implement identified system changes and conduct UAT testing;
- Train Staff

FY 2022 – Motor Vehicle Bureau

Lead Administrative Support Assistant	10 hrs. @ \$14.54 per hr.	=	\$145
Research /Data Assistant	35 hrs. @ \$15.49 per hr.	=	\$542
Associate Research/Data Analyst	470 hrs. @ \$18.50 per hr.	=	\$8,695
Research/Data Analyst	118 hrs. @ \$23.09 per hr.	=	\$2,725
Administrative Manager	59 hrs. @ \$21.56 per hr.	=	\$1,273

FY 2022 – Strategy and Communications Office

Associate Research/Data Analyst	40 hrs. @ \$18.50 per hr.	=	\$740
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Total Costs = **\$14,120**

The Department anticipates being able to absorb the above listed administrative costs. If multiple bills pass which require Department resources, FTE may be requested through the appropriations process.

The Department does not have an estimated cost for the design of a permanent boat decal at this time. The Department anticipates being able to absorb the cost associated to the new design and implementation.

DOR notes OA-ITSD services will be required at a cost of \$165,494 in FY 2022 (1,742.04 hours x \$95 per hour).

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

Revenue Impact

DOR states they are unable to estimate the number of owners that will elect to obtain a permanent registration for their vessel or watercraft.

For the purpose of this response, the Department assumes that 50% of owners will elect the permanent registration instead of the current 3-year registration for their vessel or watercraft.

Current and proposed registration fees

		<u>Current three-year fee</u>	<u>Proposed permanent fee</u>
Length	< 16 feet	\$25.00	\$75.00
	> 16 feet & < 26 feet	\$55.00	\$165.00
	> 26 feet & < 40 feet	\$100.00	\$300.00
	> 40 feet	\$150.00	\$450.00

Estimated Revenue Collected

FY 2022 Expiration (10/12 of a full year)				
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	25,391	\$634,775	\$317,388	\$793,469
>16 feet & < 28 feet	54,866	\$3,017,630	\$1,508,815	\$3,772,038
>28 feet & < 40 feet	5,486	\$548,600	\$274,300	\$685,750
>40 feet	472	\$70,800	\$35,400	\$88,500
Total	86,215	\$4,271,805	\$2,135,903	\$5,339,757

FY 2023 Expiration				
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	26,672	\$666,800	\$333,400	\$1,000,200
>16 feet & < 28 feet	58,735	\$3,230,425	\$1,615,213	\$4,845,638
>28 feet & < 40 feet	5,359	\$535,900	\$267,950	\$803,850
>40 feet	459	\$68,850	\$34,425	\$103,275
Total	91,225	\$4,501,975	\$2,250,988	\$6,752,963

FY 2024 Expiration				
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	25,078	\$626,950	\$313,475	\$940,425
>16 feet & < 28 feet	52,474	\$2,886,070	\$1,443,035	\$4,329,105
>28 feet & < 40 feet	5,197	\$519,700	\$259,850	\$779,550
>40 feet	527	\$79,050	\$39,525	\$118,575
Total	83,276	\$4,111,770	\$2,055,885	\$6,167,655

Average New Registrations				
Length	Average New Registrations From Previous 3 Years	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	11,474	\$286,850	\$143,425	\$430,275
>16 feet & < 28 feet	23,174	\$1,274,570	\$637,285	\$1,911,855
>28 feet & < 40 feet	1,413	\$141,300	\$70,650	\$211,950
>40 feet	603	\$90,450	\$45,225	\$135,675
Total	36,664	\$1,793,170	\$896,585	\$2,689,755

Oversight does not have information to the contrary and therefore, Oversight will reflect the revenue estimates as provided by DOR.

Oversight notes the following increases in revenue:

FY 2022 Expiration (10/12 of a full year)					
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration	Increase in Revenue
< 16 feet	25,391	\$634,775	\$317,388	\$952,163	\$528,979
>16 feet & < 28 feet	54,866	\$3,017,630	\$1,508,815	\$4,526,445	\$2,514,692
>28 feet & < 40 feet	5,486	\$548,600	\$274,300	\$822,900	\$457,167
>40 feet	472	\$70,800	\$35,400	\$106,200	\$59,000
Total	86,215	\$4,271,805	\$2,135,903	\$6,407,708	\$3,559,838

FY 2023 Expiration					
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration	Increase in Revenue
< 16 feet	26,672	\$666,800	\$333,400	\$1,000,200	\$666,800
>16 feet & < 28 feet	58,735	\$3,230,425	\$1,615,213	\$4,845,638	\$3,230,425
>28 feet & < 40 feet	5,359	\$535,900	\$267,950	\$803,850	\$535,900
>40 feet	459	\$68,850	\$34,425	\$103,275	\$68,850
Total	91,225	\$4,501,975	\$2,250,988	\$6,752,963	\$4,501,975

FY 2024 Expiration					
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration	Increase in Revenue
< 16 feet	11,474	\$286,850	\$143,425	\$430,275	\$626,950
>16 feet & < 28 feet	23,174	\$1,274,570	\$637,285	\$1,911,855	\$2,886,070
>28 feet & < 40 feet	1,413	\$141,300	\$70,650	\$211,950	\$519,700
>40 feet	603	\$90,450	\$45,225	\$135,675	\$79,050
Total	36,664	\$1,793,170	\$896,585	\$2,689,755	\$4,111,770

Average New Registrations					
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration	Increase in Revenue
< 16 feet	11,474	\$286,850	\$143,425	\$430,275	\$286,850
>16 feet & < 28 feet	23,174	\$1,274,570	\$637,285	\$1,911,855	\$1,274,570
>28 feet & < 40 feet	1,413	\$141,300	\$70,650	\$211,950	\$141,300
>40 feet	603	\$90,450	\$45,225	\$135,675	\$90,450
Total	36,664	\$1,793,170	\$896,585	\$2,689,755	\$1,793,170

Oversight notes the increase in revenue each fiscal year plus the average new registration revenue will be more or less than:

FY 2022 - \$3,559,838 + 1,793,170 = \$5,353,008
 FY 2023 - \$4,501,975 + 1,793,170 = \$6,295,145
 FY 2024 - \$4,111,770 + 1,793,170 = \$5,904,940

Oversight notes moneys collected under §306.030, RSMo are deposited into the Water Patrol Division Fund (0400), after the first \$1 million collected is deposited into General Revenue. Oversight assumes General Revenue revenues will not be impacted by this additional up-front registration fee option.

Oversight notes there was a \$4,388,987 balance in the Water Patrol Division Fund (0400) as of December 31, 2020.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state with the option for owners to purchase a permanent certificate, there could be a loss in funding that is deposited into the Water Patrol Fund. This fund covers twenty-five (25) salaries, fringe benefits, as well as expense and equipment for troopers who patrol Missouri’s waterways. Under §306.030.13, boat registration fees, after the first one million dollars, are deposited into the Water Patrol Fund, to be used exclusively for the Water Patrol Division of the Highway Patrol. With the proposed change in §306.030.6, there could be a significant long-term loss of revenue that is deposited into this fund, which would have a corresponding negative impact to Patrol marine operations. Exact projections in changes to the fund would need to be calculated by the Department of Revenue.

MHP defers to the DOR for the potential fiscal impact of this proposal.

Oversight assumes an increase in boat registration fees for the first several years after implementation and a potential decrease in fees collected in the long-term. However, because permanent certificates cannot be transferred to any other person or vessel, or displayed on any

vessel other than the vessel it was issued, if a boat is sold, a new boat registration will have to be obtained. Oversight notes according to §306.030, beginning July 1, 2019, the first one million dollars collected annually shall be deposited into the state general revenue fund. All fees collected under the provisions of §306.030 in excess of one million dollars annually shall be deposited in the Water Patrol Division Fund and shall be used exclusively for the Water Patrol Division.

§306.221 – Watercraft

In response to a previous version, officials from the **Department of Public Safety - Missouri Highway Patrol** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight notes that any violation of this section will result in an infraction. According to OSCA’s Charges by Guilty Disposition report, 35 citations resulting in an infraction were issued under Chapter 306 in FY 2019; in FY 2020, 173 citations were issued, (and 1 in FY 2018). Fine revenue for the ticket goes to local school funds and courts costs go to various state and local funds. Oversight notes that violations resulting in fines could vary widely from year to year and assumes the amount of fine revenue collected for this new charge will not be material. Therefore, for fiscal note purposes, Oversight will assume no material fiscal impact.

Below are examples of some of the state and local funds which court costs are distributed to.

Fee/Fund Name	Fee Amount
Basic Civil Legal Services Fund	\$8.00
Clerk Fee	\$15.00 (\$12 State/\$3 County)
County Fee	\$25.00
State Court Automation Fund	\$7.00
Crime Victims’ Compensation Fund	\$7.50
DNA Profiling Analysis Fund	\$15.00
Peace Officer Standards and Training (POST) Fund	\$1.00
Sheriff’s Retirement Fund	\$3.00
Motorcycle Safety Trust Fund	\$1.00
Brain Injury Fund	\$2.00
Independent Living Center Fund	\$1.00
Sheriff’s Fee	\$10.00 (County)
Prosecuting Attorney and Circuit Attorney Training Fund	\$4.00
Prosecuting Attorney Training Fund	\$1.00 (\$0.50 State/\$0.50 County)
Spinal Cord Injury Fund	\$2.00

Bill as Whole

Officials from the **Office of the State Courts Administrator** and **Boone County** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Costs – DOR</u> (OA/ITSD) services	<u>(\$165,494)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$165,494)</u>	<u>\$0</u>	<u>\$0</u>
WATER PATROL FUND (0400)			
<u>Revenue – MHP</u> (\$306.030) Fees for permanent certificates	<u>More or less than</u> <u>\$5,353,008</u>	<u>More or less than</u> <u>\$6,295,145</u>	<u>More or less than</u> <u>\$5,904,940</u>
ESTIMATED NET EFFECT ON THE WATER PATROL FUND	<u>More or less than</u> <u>\$4,553,008</u>	<u>More or less than</u> <u>\$6,295,145</u>	<u>More or less than</u> <u>\$5,904,940</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses that own several boats may experience a potential increase of revenue if they only have to pay registration fees once during their period of ownership.

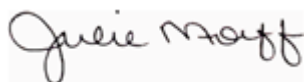
FISCAL DESCRIPTION

This bill authorizes a permanent registration option for watercraft. The fees for permanent registration are specified in the bill.

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 Public Safety
Department of Revenue
Office of the State Courts Administrator
Boone County



Julie Morff
Director
February 10, 2021



Ross Strobe
Assistant Director
February 10, 2021