

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2546-01
BILL NO.: SB 607
SUBJECT: Licenses - Driver's, Military Personnel
TYPE: Original
DATE: January 14, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Highway Fund	(\$15,134,693)	(\$12,117,068)	(\$12,117,068)
Railroad Grade Crossing Fund	(\$156,375)	(\$125,100)	(\$125,100)
Total Estimated Net Effect on <u>All</u> State Funds	(\$15,291,068) to (Unknown)	(\$12,242,168) to (Unknown)	(\$12,242,168) to (Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2000	FY 2001	FY 2002
Local Government	(\$1,753,808) to (Unknown)	(\$1,403,047) to (Unknown)	(\$1,403,047) to (Unknown)

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)**, Motor Vehicle Division (MVD) assumes this proposal exempts owners of vehicles who have been honorably discharged or are currently serving in the military from paying annual or biennial registration fees on any one non-commercial vehicle. DOR assumes that any resulting tasks from this proposal could be handled with existing resources.

However, in order to notify all individuals about this legislation, a flyer needs to be included with **each** renewal notice informing the applicant that if he or she submits proof of retirement, or proof of active status, from any branch of the military, the registration fee will be eliminated. The Motor Vehicle Bureau will require \$10,775 for forms revisions and postage in FY01 and \$9,315 in FY02 and 03. The proposed legislation also requires modifications to the FASTR system. These programming modifications include edits to the fee subsystem for “free” registrations, edits to ensure registrants who own multiple vehicles only receive **one** “free” registration each year, and testing documentation. The current FASTR vendor, Revenue Systems, Incorporated, anticipates it will take approximately 903 hours of programming to complete these modifications. The current contracted hourly programming cost is \$150 per hour, for a total cost of \$135,450.

Revenue Impact

Special note: the below calculations include the loss in revenue for veteran registrations only. The motor vehicle bureau could not determine the number of active military personnel that this would affect. Therefore, the revenue loss shown is the very minimum impact this proposal will have.

The Veteran’s Commission indicated there are approximately 556,000 veterans in Missouri. DOR assume that 90% of these individuals would own a registered vehicle and be eligible for a free registration, resulting in approximately 500,400 free registrations. DOR also assumes that of these, 4% will also be exempt from the \$15 personalized plate or special plate fee, equaling about 20,016 additional personalized plate exemptions.

The average registration fee for a passenger registration is \$25.75, while the average registration fee for a truck is \$28.25. These averages excludes the \$.25 Railroad Grade Crossing fee. The personalized plate or special plate fee is \$15 each year in addition to regular registration fees.

ASSUMPTION (continued)

Based on the number of passenger and truck registrations statewide, DOR assumes that 74% of the free registrations will be passenger and 26% will be trucks. Because these are “free” registrations, and Senate Bill 19 from last year provides the option of biennial registration, the MVB assumes that all individuals offered the biennial registration would take advantage of that option the first year. Accordingly, 50% of the applicants will be offered biennial registration in FY01 and 50% in FY02. The calculated loss in registration fees is as follows:

FY 01

Highway Fund	(\$15,134,693)
Cities	(\$ 1,028,447)
Counties	(\$ 725,361)
RR Grade Crossing	(\$ 156,375)

FY 02 & 03

Highway Fund	(\$12,107,753)
Cities	(\$ 822,758)
Counties	(\$ 580,289)
RR Grade Crossing	(\$ 125,100)

Official of the **Department of Transportation (MoDOT)** concur with the Department of Revenue’s response to this legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
HIGHWAY FUND			
<u>Cost - Department of Revenue (DOR)</u>			
Forms and postage	(\$10,775)	(\$9,315)	(\$9,315)
FASTR programming by RSI	(\$135,450)	\$0	\$0
Total Costs - DOR	(\$146,225)	(\$9,315)	(\$9,315)
Loss - registration fees - retired military	(\$15,134,693)	(\$12,107,753)	(\$12,107,753)
Loss - registration fees - active military	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON HIGHWAY FUND	(\$15,280,918)	(\$12,117,068)	(\$12,117,068)
	to	to	to
	(Unknown)	(Unknown)	(Unknown)

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DESCRIPTION (continued)

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

This proposal would affect Total State Revenues.

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation



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Director
January 14, 2000