

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0611S.01I
 Bill No.: SB 278
 Subject: Historic Preservation; Motor Vehicles; Revenue, Department of;
 Type: Original
 Date: March 29, 2021

Bill Summary: This proposal repeals an annual mileage limitation applicable to historic motor vehicles.

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Highway Fund	More than or less than (\$829,656)	More than or less than (\$3,532,729)	More than or less than (\$3,532,729)
Total Estimated Net Effect on <u>Other</u> State Funds	More than or less than (\$829,656)	More than or less than (\$3,532,729)	More than or less than (\$3,532,729)

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 or at full implementation of the act.

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	More than or less than (\$276,552)	More than or less than (\$1,177,577)	More than or less than (\$1,177,577)

FISCAL ANALYSIS

ASSUMPTION

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 procedures, specialty plate charts, correspondence letters, and the Department website;
- Update the Application for Missouri Historic or Personalized Historic License Plates (DOR-570);
- Update administrative rules; and
- Train staff.

FY 2022 – Motor Vehicle Bureau

Associate Research Data Analyst	10 hrs. @ \$18.50 per hr.	= \$185
Lead Admin Support Assistant	10 hrs. @ \$14.54 per hr.	= \$145
Administrative Manager	5 hrs. @ \$22 per hr.	= \$110
Total		= \$440

FY 2022 – Personnel Services Bureau

Associate Research Data Analyst	10 hrs. @\$18.50 per hr.	= \$185
Associate Research Data Analyst	10 hrs. @ \$18.50 per hr.	= \$185
Total		= \$370

Total Costs = **\$810**

It is presumed this proposal will allow any vehicle over twenty-five years old (model year 1994) to obtain an unrestricted permanent historic or year of manufacture motor vehicle registration.

Currently, there are 285,473 registered motor vehicles 25 years of age and older, that are operating with non-historic or year of manufacture registrations. By removing the miles restriction and the miles driven logging requirement, this will open those owners, and also owners who do currently have historic or year of manufacture registrations, to obtaining an unrestricted permanent registration for those vehicles and usable as an everyday vehicle without annual or biennial renewal and fee requirements.

The Department provides the Historic Vehicle Log (DOR-4012) to registered historic and year of manufacture registration owners, but does not collect or maintain a record of the miles driven as recorded on the historic vehicle log.

The log is only required to be kept in the historic vehicle when the vehicle is driven on any state road. Therefore, there would be no impact to the Department for the removal of this requirement.

This proposed legislation may result in an increased number of historic and/or year of manufacture registrations processed and issued by the Department and an increase in telephone inquiries and email correspondence received by the Department. If the volume is more significant than anticipated, additional FTEs will be requested through the appropriations process.

The Department anticipates that we will be able to absorb these costs and that there will be no impact.

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

Revenue Impact

DOR notes this legislation could result in an unknown, but potentially significant loss of revenue collected from registration fees on passenger vehicles and trucks that would now be allowed to obtain an unrestricted, permanent historic or year of manufacture registration on vehicles that are over 25 years old for only \$25.25.

The average registration fee for vehicles that qualify for historic license plates is \$33, which is \$7.75 more than the cost of historic license plates. If every owner of a vehicle that qualifies for a historic license plate utilizes this permanent registration type since there will no longer be a mileage restriction, the state will potentially lose out on \$2,212,416 (number of current vehicles that qualify for a historic plate x the difference in registration fee cost between historic and average regular registration fee $\$33 - 25.25 = \$7.75 \times 285,473$) and approximately \$9,420,609 every year after (number of current vehicles that qualify for a historic plate x the average registration fee for vehicles that qualify for a historic license plate $\$33 \times 285,473$).

Registration fees collected are distributed 75% Highway Fund, 15% Cities, and 10% Counties.

	FY 2022		FY 2023 & After	
Amount to Distribute	\$2,212,416		\$9,420,609	
Distribution		FY 2022	FY 2023	FY 2024
Highways	75%	\$1,659,312	\$7,065,457	\$7,065,457
Cities	15%	\$331,862	\$1,413,091	\$1,413,091
Counties	10%	\$221,242	\$942,061	\$942,061

Oversight does not have information to the contrary; however, Oversight assumes not every person with a vehicle over 25 years old will register it as a historic vehicle. Oversight assumes more than or less than half of these vehicle owners will register their vehicle as a historic vehicle; therefore, Oversight will reflect the fiscal impact as “More than or Less than \$1,106,208” in FY 2022 and “More than or less than \$4,710,305” in FY 2023 and beyond.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
HIGHWAY FUND			
<u>Loss</u> – decrease in registration fees for permanent historic registrations	More than or less than <u>(\$829,656)</u>	More than or less than <u>(\$3,532,729)</u>	More than or less than <u>(\$3,532,729)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	More than or less than <u>(\$829,656)</u>	More than or less than <u>(\$3,532,729)</u>	More than or less than <u>(\$3,532,729)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss (Cities 15%) – decrease in registration fees for permanent historic registrations</u>	More than or less than (\$165,931)	More than or less than (\$706,546)	More than or less than (\$706,546)
<u>Loss (Counties 10%) – decrease in registration fees for permanent historic registrations</u>	More than or less than (\$110,621)	More than or less than (\$471,031)	More than or less than (\$471,031)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	More than or less than (\$276,552)	More than or less than (\$1,177,577)	More than or less than (\$1,177,577)

FISCAL IMPACT – Small Business

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

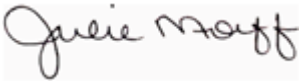
FISCAL DESCRIPTION

Currently historic motor vehicles may be operated for personal use, as described in the statute, for no more than 1000 miles per year. This act repeals this limitation.

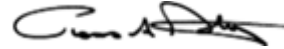
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue



Julie Morff
Director
March 29, 2021



Ross Strobe
Assistant Director
March 29, 2021