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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/08

SPONSOR Cisneros LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Deceased Service Member License Plates SB 56

ANALYST Earnest

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
None	(\$201.0)	(\$201.0)	Recurring	State Road Fund (Vehicle Reg & Admin)
None	(\$68.0)	(\$68.0)	Recurring	Local Governments (Vehicle Reg & Admin)
None	(\$5.0)	(\$5.0)	Recurring	Highway Infrastructure Fund
None	(\$2.5)	(\$2.5)	Recurring	Recycling and Illegal Dumping Fund
None	(\$2.5)	(\$2.5)	Recurring	Litter Control and Beautification Fund
None	(\$10.0)	(\$10.0)	Recurring	Motor Vehicle Division (MFRA Program)
None	(\$6.0)	(\$6.0)	Recurring	Motor Vehicle Division (Administrative Fees)

(Parenthesis ( ) Indicate Revenue Decreases)

Source: Taxation and Revenue Department. Revenue impact assumes the issuance of 5,000 license plates.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>	\$41.0	\$41.0	\$0	\$82.0	Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

See Fiscal Impact section for detail

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

Department of Transportation (DOT)

Department of Military Affairs

**SUMMARY**

Synopsis of Bill

Senate Bill 56 creates a new license plate for surviving spouses or parents of a service member killed in an armed conflict with an enemy of the United States. Applicants will have to provide proof that they are a surviving spouse or parent, and anyone found to be falsely claiming this will be guilty of a misdemeanor. No fee will be collected for the issuance of the special plate, and regular vehicle registration fees would be waived for qualified applicants.

**FISCAL IMPLICATIONS**

By eliminating registration fees for surviving spouses and parents of service members killed in armed conflict, the state would forgo revenue. The revenue impact is based on an assumption of the issuance of 5,000 plates. The recurring revenue impact totals \$295 thousand, beginning in FY09. TRD does not project that any plates will be issued in FY08.

According to TRD, the Department of Veterans Services Benefits Division reports that death benefits are being received by 4,732 dependents. Parents of those killed in action would also be eligible for the special plate.

The fiscal impact includes revenue loss associated with:

- Vehicle Registration Fees (averaging \$53) distributed to the State Road Fund (74.65%) and Local Governments (25.35%);
- \$1.50 Tire Recycling Fee distributed to Highway Infrastructure Fund (66.67%) and Recycling and Illegal Dumping Fund (33.33%);
- \$0.50 Beautification Fee distributed to the Litter Control and Beautification Fund;
- \$2.00 Mandatory Financial Responsibility Fee distributed to the Motor Vehicle Division;
- \$2.00 Administrative Fee distributed to the Motor Vehicle Division (62.5%), the State Road Fund (28%), and Local Governments (9.5%).

TRD also projects an adverse administrative impact on MVD. The combined effect of lost operating revenue (\$16 thousand) and increased production costs associated with the new plate (\$25 thousand) amount to about \$41 thousand per year, which would need to be appropriated from the general fund.

DOT reports that while it is difficult to accurately predict the number of plates that will be requested, it can be estimated that for every 1,000 deceased service member license plates issued, the total amount of state revenue lost is approximately \$53,200.

**TECHNICAL ISSUES**

TRD notes the following technical issues:

- This new special registration plate proposal is not drafted in accord with the provisions of Section 66-3-424 Standardized Special Registration Plates with Logos (2003 Legislative Session).
- The bill does not require that the spouse be married to the service member at the time the service member was killed.
- The bill would apply to survivors of allied servicemen killed, and not only to U.S. servicemen.
- The bill does not define “armed conflict”.

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