

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5479-01  
Bill No.: SB 1166  
Subject: Motor Vehicles; Highway Patrol; Buses  
Type: Original  
Date: March 24, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Highway	(\$4,511,777)	(\$6,008,555)	(\$6,008,555)
Road	\$0	(\$2,793,985)	\$0
Highway Patrol Inspection*	(\$371,250)	(\$742,500)	(\$742,500)
<b>Total Estimated Net Effect on <u>Other</u> State Funds*</b>	<b>(\$4,883,027)</b>	<b>(\$9,545,040)</b>	<b>(\$6,751,055)</b>

\*Balance in the Highway Patrol Inspection Fund would biennially transfer to the Road Fund  
 Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Transportation (MoDOT)** assume that this proposal will have a negative fiscal impact on their agency.

MoDOT receives \$1 of the \$12 inspection fees collected, which goes to the Highway Fund. The Missouri Highway Patrol receives \$0.50 of the \$12 fee for the cost of the stickers issued; the leftover revenues are transferred biennially to the Road Fund.

Based on FY03-FY05 inspection fee collections, the elimination of the statewide motor vehicle safety inspection would have a negative fiscal impact on MoDOT in the amount of \$3,000,000 from the Highway Fund annually and \$2,800,000 biennially from the State Road Fund.

The positive amount for the school bus exemption would be \$6,445 to the Highway Fund annually and \$6,015 to the Road Fund biennially. (Highway Fund calculations: 10,146 buses/4,722,723 registered vehicles X \$3 million; Road Fund calculations: 10,146 buses/4,722,723 registered vehicles X \$2.8 million)

ASSUMPTION (continued)

The net negative fiscal impact to the Highway Fund would be \$2,993,555 (\$3,000,000 - \$6,445) annually. The net negative fiscal impact to the Road Fund would be \$2,793,985 (\$2,800,000 - \$6,015) biennially.

The effective date for the program would be January 1, 2007, therefore the FY07 fiscal impact to the Highway Fund would be for six months.

Officials from the **Department of Public Safety – Missouri State Highway Patrol (MHP)** assume that the Motor Vehicle Inspection Division currently receives almost \$4,500,000 in revenue generated from the sale of inspection stickers. This would no longer be generated by the proposed legislation. 33% of inspection sticker revenue is deposited to the Highway Patrol Inspection Fund, while 67% is deposited to the Highway Fund. Since there is no appropriation that allows the Patrol to spend all of the 33% in the Highway Patrol Inspection Fund, the money is transferred every two years to the Road Fund.

MHP assumes there would be a net loss to the Highway Fund of approximately \$3,015,000 each year and a net loss of an additional \$1,485,000 (approximately) to the Highway Patrol Inspection Fund; however, since the \$1,485,000 is transferred biennially to the Road Fund, MODOT would be responsible for reporting this loss of revenue.

Calculations for net loss in Highway Fund:

$$\$4,500,000 \times 67\% = \$3,015,000 \text{ (net loss annually)}$$

Calculations for net loss in Highway Patrol Inspection Fund:

$$\$4,500,000 \times 33\% = \$1,485,000 \text{ (biennially)} = \text{(net loss to the Road Fund - reported by MODOT)}$$

**Oversight** assumes that the balance in the Highway Patrol Inspection Fund is transferred biennially to the Road Fund. For fiscal note purposes, Oversight has shown the estimated loss to the Highway Patrol Inspection Fund. (The Highway Patrol Inspection Fund was not calculated into the Road Fund in this fiscal analysis.)

Officials from the **Department of Natural Resources (DNR)** assume that this proposal would remove the requirement for biennial vehicle safety inspections. Therefore, the department would no longer be required by law to do biennial vehicle safety inspections for the vehicle fleet.

ASSUMPTION (continued)

The department assumes the current cost of biennial safety inspections to be approximately \$4,400. The department assumes that either the department's or the state's vehicle policy would be revised to address whether state vehicles would be required to have periodic safety inspections.

If the approved revised policy determines that vehicle safety inspections should continue biennially, the department estimates the cost at \$11,979. [This was determined by assuming that a typical inspection takes 30 minutes at an hourly service rate of \$66 (based upon the January 2005 survey of OA garage rates).] This proposal could result in an additional cost of \$7,600 annually. The department assumes this would be absorbed through existing appropriations.

DNR would not anticipate a significant direct fiscal impact as a result of this proposal.

Officials from the **Department of Revenue (DOR)** assume that they will need to revise policies and procedures, titling manuals, etc (electronically) regarding elimination of the safety inspection program; revise renewal programs and the MORE system and print on renewal notices January 2007 and forward that no safety inspection is required and revise related forms to omit any reference to safety inspections (no fliers will be needed); and, notify all dealers about the elimination of the safety inspection requirements.

The DOR assumes minimal costs estimated in the proposal. However, the addition of similar proposals would cause DOR to request additional funding to cover the cumulative impact of the proposals.

The DOR also assumes that there will be a fiscal impact to small businesses that are currently official inspection stations.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (6 Mo.)	FY 2008	FY 2009
<b>ROAD FUND</b>			
<u>Revenues</u> – Department of Transportation			
School Bus Inspections	\$0	\$6,015	\$0
<u>Costs</u> – Department of Transportation			
Inspection Sticker	<u>\$0</u>	<u>(\$2,800,000)</u>	<u>\$0</u>
<b>ESTIMATED NET IMPACT ON ROAD FUND</b>	<b><u>\$0</u></b>	<b><u>(\$2,793,985)</u></b>	<b><u>\$0</u></b>
 <b>HIGHWAY FUND</b>			
<u>Revenues</u> – Department of Transportation			
School Bus Inspections	\$3,223	\$6,445	\$6,445
<u>Loss</u> – Department of Transportation			
Inspection Fees	(\$1,500,000)	(\$3,000,000)	(\$3,000,000)
<u>Loss</u> – Missouri State Highway Patrol			
Inspection Stickers	<u>(\$3,015,000)</u>	<u>(\$3,015,000)</u>	<u>(\$3,015,000)</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>(\$4,511,777)</u></b>	<b><u>(\$6,008,555)</u></b>	<b><u>(\$6,008,555)</u></b>

**HIGHWAY PATROL INSPECTION  
 FUND**

Loss – Missouri State Highway  
 Patrol/MoDOT

Inspection Stickers*	<u>(\$371,250)</u>	<u>(\$742,500)</u>	<u>(\$742,500)</u>
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<b>ESTIMATED NET EFFECT ON    HIGHWAY PATROL INSPECTION    FUND*</b>	<b><u>(\$371,250)</u></b>	<b><u>(\$742,500)</u></b>	<b><u>(\$742,500)</u></b>
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\* Balance would biennially transfer to the Road Fund

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

There could be a fiscal impact to any small business that is currently an official inspection station as a result of this legislation.

DESCRIPTION

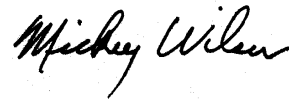
This legislation repeals the motor vehicle safety inspection program effective January 1, 2007. The safety inspection remains in place for school buses and such inspections will be conducted by the highway patrol.

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

Department of Natural Resources  
Department of Public Safety – Missouri State Highway Patrol  
Department of Revenue  
Department of Transportation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
March 24, 2006