

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0043-08
Bill No.: SCS for SB 17
Subject: Motor Vehicles; Highway Patrol; Buses; Law Enforcement Officers and Agencies; Roads and Highways
Type: Original
Date: March 12, 2007

Bill Summary: This proposal repeals the state safety and institutes primary enforcement of the seat belt law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2009	FY 2010
General Revenue	(\$3,032)	Unknown	Unknown
Total Estimated Net Effect on General Revenue Fund	(\$3,032)	Unknown	Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
State School Moneys	\$0	\$0	\$0
Highway	(\$1,507,500)	(\$3,015,000)	(\$3,015,000)
Highway Patrol Inspection *	(\$742,500)	(\$1,485,000)	(\$1,485,000)
Total Estimated Net Effect on Other State Funds	(\$2,250,000)	(\$4,500,000)	(\$4,500,000)

*** Note: The unappropriated/unspent balance of the Highway Patrol Inspection fund is transferred to the Road fund every two years.**

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	Unknown	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state 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 into 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.

Therefore, 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:

$$\$4,500,000 \times 33\% = \$1,485,000$$

Officials from the **Department of Transportation (MoDOT)** state the portion of the bill related to primary enforcement of Missouri's safety belt law would qualify the state to receive a Section 405 incentive grant pursuant to SAFETEA-LU. A state must meet at least 4 of 6 criteria in order to qualify for a grant. Missouri currently meets 3 of the criteria; passage of a primary belt law would put us at the needed 4 criteria. Each state that qualifies for a grant receives up to 100 percent of its FY 2003 Section 402 apportionment (Missouri's FY '03 apportionment was \$3.4 million). This grant would be administered by the Highway Safety division to be utilized for behavioral highway safety programs.

MoDOT will lose approximately \$4.4 million annually if the inspection fee is eliminated. We received \$3 million directly each year and \$2.8 million biennially from the Highway Patrol Inspection Fund.

Oversight assumes the issuance of the federal grant is speculative and therefore have not reflected it in the fiscal note.

Officials from the **Department of Revenue (DOR)** did not respond to our request for fiscal impact from this substitute. However, in response to a previous version of this proposal, DOR

ASSUMPTION (continued)

stated they will need to:

- Revise policies and procedures, titling manuals, etc (electronically) regarding elimination of the safety inspection program in all areas of the state excluding the emissions areas;
- Notify all dealers at a cost of \$3,032, about the elimination of the safety inspection requirements in all areas of the state excluding the St. Louis Metropolitan area/emissions area. Related funding is requested.

OA-INFORMATION TECHNOLOGY - DOR

Due to the Statewide Information Technology Consolidation, DOR's response to a proposal will now also reflect the cost estimates prepared by OA-IT for impact to the various systems. As a result, the impact shown may not be the same as previous fiscal notes submitted. In addition, if the legislation is Truly Agreed to and Finally Passed the OA-IT costs shown will be requested through appropriations by OA-IT.

Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing existing resources of 3 existing CIT III's for 1 month at a rate of \$4,186. However, if priorities shift and additional FTE/overtime would be needed to implement, the cost will be approximately \$12,558. They plan to use existing resources to implement this legislation.

Officials from the **Office of the State Public Defender (SPD)** assume the proposal would not fiscally impact their agency.

Officials from the **Office of Prosecution Services (OPS)** assume this proposal would not have a significant direct fiscal impact on county prosecutors or OPS.

Officials from the **Office of the State Courts Administrator (CTS)** state depending on the degree of enforcement, there could be a significant increase in the number of cases filed. However, CTS as no way of estimating the increase. Any significant increase would be reflected in future budget requests.

Officials from the **Springfield Police Department** assume the proposal would not fiscally impact their agency.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** state the proposal would have the following fiscal impact;

Repealing safety inspection requirement

DESE owned 145 vehicles as of 12/31/2006. Of those 145 vehicles, 50 are buses and would not be impacted by this proposal. The remaining 95 would no longer be subject to biennial inspections and the resulting \$12 fee. Based on the 12/31/2006 vehicle count, the annualized positive impact on DESE funds equals \$570 (95 vehicles x \$6 per year). DESE's vehicle fleet will expand by 16 vehicles during FY 2008; therefore, the annualized positive impact on DESE funds will increase by another \$96 during FY 2008.

Fines and penalties

There is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, DESE cannot know how much additional money might be collected by local governments or the DOR to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Oversight notes that local school districts would see an increase in fine revenue as a result of this proposal. As stated by DESE, this fine revenue would be a deduction the next year for some of the school districts. Oversight assumes an unknown amount of revenue would be realized each year by school districts and a corresponding decrease in school funding from the state the following year. Oversight assumes the fine revenue will fluctuate from year to year, therefore, the net fiscal impact to local school districts from FY 2009 on could be Unknown to (Unknown).

Officials from the **Department of Natural Resources (DNR)** assume their department would not anticipate a significant direct fiscal impact as a result of this proposal.

Officials from the **Kansas City Police Department, Jefferson City Police Department, St. Louis Metropolitan Police Department, St. Charles Police Department, and the St. Joseph Police Department** did not respond to our request for fiscal impact.

ASSUMPTION (continued)

The repeal of the vehicle safety inspections portion of the bill has an effective date of January 1, 2008, therefore, **Oversight** will assume 6 months of impact in FY 2008.

This proposal will reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Savings</u> - Reduced appropriations to State School Moneys Fund (from deduction of fine revenue from previous year)	\$0	Unknown	Unknown
<u>Costs</u> - Department of Revenue Notification mailing	<u>(\$3,032)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$3,032)</u>	<u>Unknown</u>	<u>Unknown</u>
STATE SCHOOL MONEYS FUND			
<u>Savings</u> - reduced distribution to schools	\$0	Unknown	Unknown
<u>Losses</u> - reduced appropriations from the General Revenue Fund	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
HIGHWAY FUND			
<u>Loss</u> - Department of Transportation Fees associated with the elimination of vehicle inspections	<u>(\$1,507,500)</u>	<u>(\$3,015,000)</u>	<u>(\$3,015,000)</u>
ESTIMATED NET EFFECT TO THE HIGHWAY FUND	<u>(\$1,507,500)</u>	<u>(\$3,015,000)</u>	<u>(\$3,015,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2008	FY 2009	FY 2010
(continued)	(10 Mo.)		

**HIGHWAY PATROL INSPECTION
 FUND**

Loss - Highway Patrol / Department of
 Transportation

Fees associated with the elimination of vehicle inspections	<u>(\$742,500)</u>	<u>(\$1,485,000)</u>	<u>(\$1,485,000)</u>
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ESTIMATED NET EFFECT TO THE HIGHWAY PATROL INSPECTION FUND*	<u>(\$742,500)</u>	<u>(\$1,485,000)</u>	<u>(\$1,485,000)</u>
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*** Note: the unappropriated/unspent balance of the Highway Patrol Inspection
 Fund is transferred every two years to the Road Fund.**

<u>FISCAL IMPACT - Local Government</u>	FY 2008	FY 2009	FY 2010
	(10 Mo.)		

LOCAL SCHOOL DISTRICTS

<u>Income</u> - fine revenue from primary seat belt enforcement	Unknown	Unknown	Unknown
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<u>Loss</u> - reduction in state funding as a result of additional fine revenue in previous year.	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS	<u>Unknown</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
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FISCAL IMPACT - Small Business

Small businesses that conduct vehicle safety inspections would be fiscally impacted as a result of this proposal.

FISCAL DESCRIPTION

This act modifies the law relating to motor vehicle safety.

REPEAL OF MOTOR VEHICLE SAFETY INSPECTION - This act repeals the motor vehicle safety inspection program effective January 1, 2008. The safety inspection remains in place for school buses and such inspections will be conducted by the highway patrol. The act, as part of the motor vehicle safety inspection repeal, modifies various provision relating to the emissions inspection. For instance, under the current law, a new motor vehicle is exempt from undergoing an emissions inspection for its first four years provided that its odometer reading is less than 40,000 at its first biennial safety inspection. Under this version, the 40,000 mile limitation has been removed since no safety inspection exists to verify the mileage. Under the new emissions inspection to go into effect September 1, 2007, motor vehicles driven less than 12,000 miles between biennial safety inspections are exempt from the emissions inspection. Under this act, motor vehicles driven less than 12,000 miles on a biennial basis shall be exempt from the emissions inspection. This portion of the act is similar to SB 479 (2007).

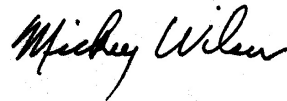
SEAT BELT LAW - The act makes the seat belt law applicable to all drivers and passengers. For instance, the current law states that the seat belt requirement applies to the driver and front seat passenger of a passenger car. The act removes the phrase "front seat" to make the seat belt law applicable to back seat passengers as well. The act also modifies the definition of "passenger car" by removing the 12,000 pounds truck exemption. In addition, the exemption which excepted persons 18 years of age or older from wearing a seat belt in a truck is repealed. Persons with medical reasons are exempt from wearing a seat belt provided they possess documentation from a physician to that effect. The act eliminates the secondary enforcement of the seat belt law by allowing law enforcement officers to stop motorists solely for a seat belt violation (primary enforcement). This portion of the act is similar to HB 90 (2007).

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
Missouri Highway Patrol
Department of Revenue
Department of Transportation
Office of Prosecution Services
Office of the State Public Defender
Office of the State Courts Administrator
Department of Elementary and Secondary Education
Department of Natural Resources
Springfield Police Department

NOT RESPONDING: Kansas City Police Department, Jefferson City Police Department, St. Louis Metropolitan Police Department, St. Charles Police Department, and the St. Joseph Police Department



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