

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1295-26
Bill No.: HCS for SS for SCS for SBs 239, 24 & 445
Subject: Motor Vehicles; Licenses - Motor Vehicle; Revenue Department; Transportation
Type: Original
Date: April 24, 2007

Bill Summary: This proposal modifies various provisions relating to the regulation of motor vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$503,441 to (Unknown)	(\$12,051,061 to Unknown)	(\$8,629,748 to Unknown)
Total Estimated Net Effect on General Revenue Fund*	\$503,441 to (Unknown)	(\$12,051,061 to Unknown)	(\$8,629,748 to Unknown)

* Some of the fiscal impact could be divided between the General Revenue Fund and the County Foreign Insurance Fund (which ultimately goes to local school districts) if some of the tax credits are utilized against insurance premium taxes.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Road Fund	(\$5,822,061 to Unknown)	\$23,090,446 to (Unknown)	\$15,992,046 to (Unknown)
Drivers Education	\$0	\$0	\$0
Criminal Records	\$2,868,333	\$3,442,000	\$3,787,500
Insurance Dedicated	\$75,533	\$29,980	\$28,712
Various State Funds	(\$832,075 to Unknown)	(\$5,255,250 to Unknown)	(\$3,852,013 to Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds*	(\$3,710,270 to Unknown)	\$21,307,176 to (Unknown)	\$15,956,245 to (Unknown)

*** Some of the fiscal impact could be divided between the General Revenue Fund and the County Foreign Insurance Fund (which ultimately goes to local school districts) if some of the tax credits are utilized against insurance premium taxes.**

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 64 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Federal Funds	\$0 to (\$850,000)	\$0 to (\$850,000)	\$0 to (\$850,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 to (\$850,000)	\$0 to (\$850,000)	\$0 to (\$850,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	10 FTE	10 FTE	10 FTE
Insurance Dedicated	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	11 FTE	11 FTE	11 FTE

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 to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

*** Some of the fiscal impact could be divided between the General Revenue Fund and the County Foreign Insurance Fund (which ultimately goes to local school districts) if some of the tax credits are utilized against insurance premium taxes.**

FISCAL ANALYSIS

ASSUMPTION

Section 43.530 - Background checks;

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state the proposed legislation would modify the fees and requirements for receipt of a criminal history record information from the Missouri State Highway Patrol. Based on the average number of record checks in the last two years, the increase of \$1 per name check starting in 2010 will increase the yearly income into the Criminal Records Fund by an additional \$691,000 each year until the \$15 maximum is reached in 2015.

ASSUMPTION (continued)

Regarding Section 43.546 RSMo

The Criminal Records and Identification Division of the Missouri State Highway Patrol estimate that there are approximately 60,000 state employees with an approximate turnover rate of 17% per year. $60,000 \times 17\% = 10,200$ employees.

It is estimated that 15% or less, of those 10,200 employees would be in occupations that would require fingerprint checks. $10,200 \times 15\% = 1,530$ employees.

State processing fingerprint fees are \$14 (waived for state employees)

The FBI processing fingerprint fees are \$24, however \$2 is retained in the Criminal Records Fund as administrative fee.

$1,530$ employees \times \$22 = \$33,660 (passed - through to the FBI)

$1,530$ employees \times \$2 = \$3,060 (retained in the Criminal Records System Fund as administrative fee).

Regarding Section 43.530 RSMo

The average number of name checks for the prior two fiscal years is 691,000

The average number of fingerprint checks for the prior two fiscal years is 113,000

FY 08

Fiscal year fees under the old fee schedule would be:

Name 691,000 \times \$5 = \$3,455,000

Fingerprint 113,000 \times \$14 = \$1,582,000

Total = \$5,037,000

Fiscal year fees with the proposed increase would be:

Name 691,000 \times \$9 = \$6,219,000

Fingerprint 113,000 \times \$20 = \$2,260,000

Total = \$8,479,000

The FY 08 increase would be \$3,442,000 (\$8,479,000 - \$5,037,000)

\$3,442,000 divided by 12 mths \times 10 mths = \$2,868,333

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ASSUMPTION (continued)

FY 09

The calculated fiscal year fees with the proposed increase would be:

Name 691,000 x \$9 = \$6,219,000

Fingerprint 113,000 x \$20 = \$2,260,000

Total = \$8,479,000

The FY 09 increase would be \$3,442,000 (\$8,479,000 - \$5,037,000)

FY 10

Name 691,000 x \$9.50 = \$6,564,500

Fingerprint 113,000 x \$20 = \$2,260,000

Total = \$8,824,500

The FY 10 increase would be \$3,787,500 (\$8,824,500 - \$5,037,000)

Because the rate will increase from \$9 to \$10 on 1/1/10, the fee for half the fiscal year will be at \$9 and the other half at \$10. We assume that the checks will be spread evenly throughout the year, so we are using \$9.50 as an average for the year.

Regarding Section 43.547 RSMo

The Highway Patrol assumes no more than 50 gubernatorial appointees during an election year and less during off years.

State processing fingerprint fees are \$14 (waived at the current time for state employees). FBI processing fingerprint fees are \$24 (pass-through fees to the FBI).

50 appointees x \$24 = \$1,200 (pass-through fees to the FBI, i.e., not retained in the Criminal Records System fund). Because this amount is so small, this section of the proposed legislation is being treated as "no impact".

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the following fiscal impact from the proposal:

	<u>CY 2006</u>			<u>FY 2008</u>
Background Checks	60,258	x	\$4	\$241,032
Fingerprint Checks	47,273	x	\$1	\$ 47,273
Total	107,531			\$288,305

ASSUMPTION (continued)

Assuming the level of background checks and fingerprint searches remains level, and assuming the fee increases by \$1 per annum as allowed in the proposal, the fiscal impact may be computed as follows:

FY 2008		Increase		FY 2009		Increase		FY 2010
\$241,032	+	\$60,258	=	\$301,290	+	\$60,258	=	\$361,548
<u>\$ 47,273</u>	+	<u>\$ 0</u>	=	<u>\$ 47,273</u>	+	<u>\$ 0</u>	=	<u>\$ 47,273</u>
\$288,305		\$60,258		\$348,563		\$60,258		\$408,821

In summary, DESE assumes an increase in cost to local school districts of \$288,305 in FY 2008, \$348,563 in FY 2009 and \$408,821 in FY 2010.

In response to a similar proposal from this year, officials from the **Missouri Lottery** reported fiscal impact (over current base costs for name checks and fingerprint checks) on the Lottery Enterprise Fund of \$37,908 in FY 2008, \$47,100 in FY 2009 and \$56,520 in FY 2010.

Officials from the **Missouri Gaming Commission** state that, assuming a \$1 increase in state criminal history checks in each year and an increase in the fingerprint search from \$14 to \$15 would result in additional costs of \$306,720 in FY 2008, \$406,200 in FY 2009 and \$461,670 in FY 2010.

In response to a previous version of this proposal, officials from the **Department of Social Services - Youth Services** estimated that at least 500 background checks will be required to fill vacancies. The division assumes an average of 25% due to job offers declined, disqualifying findings, and need to conduct multiple checks prior to making an offer.

Based on the provision that fingerprinting would be \$20 per applicant, the division assumed the cost of fingerprint checks for its new hires to be between \$8,330 and \$10,000 during the first three years.

In response to a previous version of this proposal, officials from the **Department of Social Services - Human Resources** stated the language appears to make conducting fingerprint background checks an option, rather than mandatory. It also appears that we could require the applicant/employee to pay the cost for the check. For those reasons, a fiscal impact could not be determined at this time.

ASSUMPTION (continued)

In response to a previous version of this proposal, officials from the **Department of Social Services - Children's Division (CD)** stated they now pay for fingerprints for 9,000 caregivers and applicants. This bill would increase the Division's cost by \$6 for each individual; therefore, it would result in additional fiscal impact of \$54,000.

Oversight assumes this version of the proposal keeps the fee on background checks on foster families at \$14, therefore, CD will not incur the increase in fees.

This legislation may result in a cost to the CD if fingerprint checks are implemented on all new Children's Service Workers and Children's Service Supervisors. In FY2006, the Division had 345 Children's Service Workers leave and 25 Children's Service Supervisors leave. Based on this information, the CD estimates that it would have to fingerprint 367 employees per year. Currently, the Highway Patrol charges \$14 for state only checks. The Highway Patrol waives the \$14 for state agencies. If the fee is no longer waived and the fee increase in this bill is passed on to the Division, the Division would be charged \$20 for each newly hired employee. This would result in a cost of \$7,340 per year (367 x \$20). The CD assumes this new cost would be split between the General Revenue Fund and Federal Funds.

Total cost calculation:

Division employees =	\$7,340 (optional)
Foster/Kin/Relative providers and applicants =	<u>\$54,000</u>
Total	= \$61,340
Total Fiscal Impact	= \$54,000 to \$61,340

Officials from the **Office of the Secretary of State** note that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget.

ASSUMPTION (continued)

Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

In response to a similar proposal from this year, officials from the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

In response to a similar proposal from this year, officials from the **Department of Corrections, Department of Insurance, Financial Institutions and Professional Registration, Missouri Ethics Commission, Office of Administration - Administrative Hearing Commission, Department of Health and Senior Services, Department of Natural Resources, Department of Agriculture, Department of Mental Health, Department of Revenue, Office of the State Treasurer, Department of Higher Education, Joint Committee on Public Employee Retirement, Office of the State Auditor, Department of Economic Development, Office of the Lieutenant Governor, Department of Labor and Industrial Relations, Department of Conservation, Office of the State Courts Administrator, Office of Prosecution Services, Missouri Consolidated Health Care Plan, State Tax Commission, Missouri Senate, Department of Public Safety - Fire Safety and the Water Patrol, Office of Administration - Division of Personnel, Department of Transportation, Office of Prosecution Services, Missouri House of Representatives, Department of Public Safety - Director's Office and Veterans' Commission** and the **Office of the State Public Defender** each assumed the proposal would either not fiscally impact their respective agencies or impact their agencies by a minimal amount that could be absorbed within existing resources.

Oversight assumes the provisions allowing state agencies to require fingerprinting of applicants and criminal history records checks are permissive. Therefore, Oversight has ranged the cost from \$0 to \$36,720 per fiscal year to various state funds.

Oversight assumes the MHP will continue to waive the name background check fees to state agencies.

Section 135.670 - Tax credit for idle reduction technology;

In response to a similar proposal from this year (HB 488), officials from the **Department of Natural Resources** assumed a similar proposal would have no fiscal impact on their organizations.

ASSUMPTION (continued)

In response to a similar proposal from this year (HB 488), officials from **Department of Transportation** assumed this proposal would have no fiscal impact on their organizations. None of the agencies responding to our request for information provided an estimate of tax credits which might be claimed if the proposal was enacted.

Officials from the **Department of Revenue** state ordinarily, Personal Tax would anticipate the need for 1 Tax Processing Technician I for every 4,000 credits claimed, due to the carry-forward provisions. However, PT does not anticipate a large number of claims filed, therefore, Taxation would assume existing staff could handle the impact

Since this part of the proposal has no annual cap, **Oversight** assumes the proposal would create an unknown reduction in income tax collections in the General Revenue Fund beginning in FY 2008.

Section 135.710 - Tax credit for alternative fuel facility;

Oversight assumes a potential loss of General Revenue, starting in FY 2009 of up to \$3 million and up to \$2 million in FY 2010.

Regarding the various tax credit provisions, officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state it is unknown how many insurance companies will choose to participate in these program and take advantage of these tax credits. The department can not estimate how much would be lost in premium tax revenue as a result of tax credits. Credits cannot exceed total tax liability (both Premium tax and Retaliatory tax). Premium/Retaliatory tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts through out the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by these tax credits each year.

In 620.1881.2 it states that DOR can issue a refundable tax credit. The department has not dealt with refundable tax credits through Premium Tax before and assumes any refundable credit will be paid from General Revenue and not the County School Funds.

The department will require minimal contract computer programming to add these new tax credits to the premium tax database and should be able to do so under existing appropriation.

ASSUMPTION (continued)

However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process.

Officials from the **Department of Revenue (DOR)** state Personal Tax would require 1 Tax Processing Technician I for every 6,000 credits claimed. PT would also require 1 Tax Processing Technician I for every 2,000 credits claimed due to the equal apportionment among all applicants.

Corporate Tax would require 1 Tax Processing Technician 1 for tracking, processing, and corresponding.

However, based on information received last session, there are only 800 taxpayer's who qualify for this tax credit; therefore, Taxation anticipates, the handling of this new credit, with existing staff.

Section 142.816 - Motor Fuel tax exemption for school buses;

In response to a similar proposal from this year, officials from the **Department of Agriculture** assume this amendment would not fiscally impact their agency.

Officials from the **Department of Transportation (MoDOT)** state according to DESE they expect a 1.03% bus travel growth annually. The total bus miles traveled during the 2004-05 school year was 126,067,918. The average school bus gets 7 miles per gallon. Total gallons used ($126,067,918/7 = 18,009,702.57$). That would be an income loss of \$3,061,649.44.

Adding the 1% growth rate the impact would be \$2,577,000 for FY 08 - partial year, \$3,122,000 for FY 09, and \$3,154,000 for FY 2010. MODOT provided the following allocation of lost revenues (rounded):

	FY 2008	FY 2009	FY 2010
Road Fund	(\$1,887,000)	(\$2,287,000)	(\$2,310,000)
Cities	(\$387,000)	(\$468,000)	(\$473,000)
Counties	(\$303,000)	(\$367,000)	(\$371,000)
Total	(\$2,577,000)	(\$3,122,000)	(\$3,154,000)

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal would create a savings to school districts and a loss to the state. DESE calculates that total miles traveled by school district owned and contracted buses were 126,067,918 for the 2005-2006 school year. By dividing total miles by an average of 7 miles per gallon, this yields 18,009,703 gallons of fuel used annually. Multiplying gallons of fuel used by 17 cents per gallon (the current Missouri fuel tax) results in an estimated annual fuel tax exemption for school districts of \$3,061,650.

In response to a similar proposal from this year (SB 421), officials from the **Parkway School District** assumed this proposal would result in a savings of approximately \$50,000 per year to their organization. No other school districts responded to our request for information.

Oversight assumes the school districts would realize the full savings from the proposal, and that administrative costs to the state and the school districts would be minimal.

Section 142.817 - Sales tax exemption for motor fuel for Public Mass Transportation;

In response to a similar proposal from this year, officials from the **Office of Administration - Budget and Planning** stated this part of the proposal exempts motor fuel sold for use in operating public transportation systems from the state motor fuel tax. The proposal could therefore lower general and state revenues by an unknown amount. Budget and Planning does not have data to estimate the potential loss of revenues, the Department of Revenue may have such an estimate.

Officials at the **Missouri Department of Transportation (MoDOT)** assume this legislation exempts motor fuel used for certain public transportation purposes from motor fuel tax.

MoDOT calculated that in Fiscal Year 2006 that transit authorities consumed an estimated 9,943,211 gallons of gasoline at the State Gas Tax Rate of \$.17 per gallon for a total of \$1,690,346 in gas tax being paid. MoDOT then calculated the loss of that money for the state, cities and counties.

The effective date August 28, 2007; total transit bus travel based on FY06; transit buses average 5 miles per gallon. (\$825,000 - FY 08), (\$1,238,000 - FY 09 & FY 10). Also a loss of (\$302,000 - FY 08) & (\$453,000 - FY 09 & FY 10) to local funds.

ASSUMPTION (continued)

In response to a similar proposal from this year (SB 501), officials at the **Department of Revenue (DOR)** assumed no fiscal impact to the DOR from this proposal. DOR assumes this legislation establishes an exemption. Exemptions reduce state tax due, therefore it will reduce state revenues.

The excise tax section anticipates additional refunds to process due to this exemption. This may impede process time. DOR currently does not track fuel usage, therefore, cannot determine the loss of fuel tax revenues the state will experience due to this exemption. Due to the Statewide Information Technology Consolidation, the department's response to a proposal will now also reflect the cost estimates prepared by OA-IT for impact to the various systems. Office of Administration Information Technology (ITSD DOR) estimates the IT portion of this request can be accomplished within existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement. Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing 1 existing CIT III for 1 month at a rate of \$4,186

In response to a similar proposal from this year (SB 501), officials at the **City of Kansas City** stated this bill applies to a city transportation authority. The City of Kansas City does not operate a transportation authority, those mass transit services are provided by the Kansas City Area Transportation Authority, which is partially funded by Kansas City. Any savings enjoyed by the KC ATA may be indirectly enjoyed by the City of Kansas City through greater services for the money now spent for transportation services if the KC ATA has additional funds available.

Oversight assumes the motor fuel tax exemption will be a loss to the Road Fund.

Section 143.114 - Income tax deduction for purchase of hybrid cars;

Officials from the **Department of Revenue (DOR)** assume Personal Tax would require 2 Temporary Tax Employee for key-entry, 1 Tax Processing Tech I for every 19,000 returns to be verified, and 1 Tax Processing Tech I for every 2,400 pieces of correspondence. They will also require 2 Temporary Tax Employees for key-entry of 1040P and PTC forms, and 1 Tax Processing Tech I for every additional 5,000 returns to be verified on the 1040P/PTC forms.

Customer Services - will require 1 Tax Collection Technician I for every 15,000 calls a year on the income tax hot line due to lack of documentation. 1 Tax Collection Technician I for every 24,000 calls a year to the delinquency/collections lined on billings and denied deductions due to lack of documentation. They will also need 1 Tax Processing Technician I for every additional

ASSUMPTION (continued)

4,800 contacts in the field offices (DOR anticipates most customers will contact the department via phone, therefore, will only request 1 FTE for each of the larger field offices....KC, St. Louis, & Springfield).

In response to a similar proposal from this year, officials from the **Office of Administration - Budget and Planning (BAP)** assumed the legislation provides a deduction from Missouri adjusted gross income, up to \$1,500, for the purchase of a qualifying hybrid vehicle. According to a 5/4/2006 article published on the Auto Channel website, 199,148 new hybrids were registered in 2005, more than double the amount in 2004. However, Missouri was not among the Top Ten states for registration, which accounted for 62% of total registrations. BAP estimates Missouri had 0.9% of the registrations, or roughly 1,800 registrations. At \$1,500 dollars for each, this would reduce Missouri AGI by \$2,700,00, and reduce general and total state revenues by \$162,000 (at the 6% tax rate). It is likely sales of these cars will climb as their popularity increases.

Oversight researched the number of hybrids sold in the United States in 2006 and found it was 252,636. Oversight recognizes that it is difficult to determine the number of those hybrids that are sold in Missouri since the figures are not tracked. Oversight used 2% of all hybrids sold as the number sold in Missouri. For the purpose of this note it was determined 5,053 hybrids were sold in Missouri and assumed each taxpayer would take the maximum reduction of \$1,500 for a total reduction to taxpayers AGR of \$7,579,500. Oversight recognizes that since the number of hybrids being sold is increasing, the loss to state revenue "could exceed" \$341,078 assuming a 4.5% marginal tax rate starting in Fiscal Year 2009.

Section 143.128 - Tax credit for purchase of E-85 gasoline;

Oversight will range the fiscal impact of this part of the proposal from \$0 to the annual limit of \$500,000.

Officials from the **Department of Revenue** state Personal Tax would require 1 Tax Processing Technician I for every 4,000 credits claimed.

Section 144.030.2(11) - Sales tax exemption for railroad rolling stock;

Oversight assumes an unknown loss of revenue to the Highway Fund, School District Trust Fund, Conservation Fund as well as the Parks and Soil Fund.

ASSUMPTION (continued)

Section 144.030.2(12) - Rebuttable Presumption of materials;

Oversight assumes this 'rebuttable presumption' language will expand this sales tax exemption, and result in an unknown loss of sales tax income.

Section 144.030.2(40) & Deletion of Section 144.517- Sales tax exemption on textbooks at a Missouri university, college or other postsecondary institution;

Oversight assumes the sale of textbooks are already exempt from state sales tax under Section 144.517. However, since this section is being deleted, and replaced with 144.030.2(40), Oversight will assume the state government will not be impacted, however, local political subdivisions will see a reduction in sales tax income.

Section 144.030.2(41) - Sales tax exemption for FY 2008 for the purchase of new motor vehicle designed to operate on 85 percent ethanol fuel;

In response to a similar proposal from this year, officials from the **Department of Transportation (MoDOT)** stated Section 144.030 (40) creates various sales tax incentives for certain energy uses, particularly all new motor vehicles that can operate on E85 fuel. We assume this legislation will likely encourage consumers to purchase E85 vehicles instead of gasoline-only vehicles on those models which have that substitute. We also assume E85 and sister model sales will remain constant over time. The minimum loss of sales tax revenue to the road fund due to exempting sales tax on the purchase of any new motor vehicle that can operate on E85 fuel would be \$2,983,502 in FY 2008. MoDOT assumes the loss of sales tax revenue for other funds would be \$426,215 to General Revenue, \$568,286 to School Fund, \$142,072 to Conservation Fund, \$113,567 to Parks and Soils Fund, and \$568,286 to Cities and Counties.

Section 144.062 - Sales tax exemption for materials used by MoDOT;

Officials at the **Missouri Department of Transportation (MoDOT)** assume this legislation exempts contractors from paying sales tax on materials used in MoDOT projects. Section 144.062, RSMo., currently exempts sales of personal property and materials used for the purpose of constructing, repairing, or remodeling facilities for counties, other political subdivisions and certain exempt entities from the state sales tax. This bill would add the Department of Transportation as an exempt entity. Therefore, materials could be purchased by a contractor for a MoDOT project on a tax-exempt basis.

ASSUMPTION (continued)

The sales tax which contractors currently pay on materials purchased for MoDOT projects is included in the project cost which is paid by MoDOT. Assuming that contractors would reduce their project costs due to the ability to purchase materials on a tax-exempt basis, this bill would result in a cost savings for MoDOT.

Based on 2007-2011 Statewide Transportation Improvement Program (STIP); 50 percent of construction contracts is labor, 50 percent is materials; July 1, 2008 effective date; sales tax rate of 4.225%. The cost savings were calculated as follows:

Fiscal Year	STIP Awards	% Materials	Material Cost	Sales Tax Rate	Cost Savings
2008	\$1,189,100,000	50%	\$594,550,000	4.225%	\$25,119,738
2009	\$858,000,000	50%	\$429,000,000	4.225%	\$18,125,250
2010	\$628,900,000	50%	\$314,450,000	4.225%	\$13,285,513
2011	\$490,000,000	50%	\$245,000,000	4.225%	\$10,351,250
2012	\$490,000,000	50%	\$245,000,000	4.225%	\$10,351,250

MoDOT assumes there would be an additional amount of cost savings for the local sales tax, however the amount would vary by city/county. Therefore the additional savings is unknown.

In response to a similar proposal from this year (HB 248), officials at the **Office of Administration's Budget and Planning** assumed this bill would exempt contractors from paying sales tax on Missouri Department of Transportation, and the State Highways and Transportation Commission projects. This proposal will decrease General and Total State Revenues. The Department of Transportation should provide the estimate of possible increased costs and revenues to the state as a result of this proposal.

Oversight calculated the revenue impact to include a tax loss impact to local government with a sales tax rate of 2%. The chart below shows the breakdown of the tax impact on the projected materials cost.

Oversight assumes this proposal would create a savings for the Road Fund of \$26.7 million for FY2009 and \$19.5 million for FY2010. This savings is passed on to MoDOT as it is calculated into the materials cost submitted by the vendors. Combined gains in the Road Fund equal the

ASSUMPTION (continued)

losses to the General Revenue Fund, School District Trust Fund, Conservation Fund, Parks and Soils Fund and local city/county funds from this proposal.

Oversight assumes that a reduction in the federal reimbursement may occur as a result of the tax loss. The federal impact is unknown.

	Fiscal Year 2009	Fiscal Year 2010
Materials Cost	\$429,000,000	\$314,450,000
GR Fund 3%	\$12,870,000	\$9,433,500
School Fund 1%	\$4,290,000	\$3,144,500
Conservation Fund .125%	\$536,000	\$393,063
Parks and Soil Fund .1%	\$429,000	\$314,450
Local 2%	\$8,580,000	\$6,289,000
Total Savings to Road Fund	\$26,705,250	\$19,574,512

In response to a similar proposal from this year (HB 248), officials at the **Department of Revenue** assume no fiscal impact for their department for this proposal.

In response to a similar proposal from this year (HB 248), officials at the **Department of Conservation (MDC)** stated this legislation would appear to have a negative fiscal impact on MDC funds since it appears to exempt highway construction materials and other MoDOT projects from sales tax. However, MDC is unable to provide the estimated amount and will rely on DOR for the fiscal impact of this legislation.

Sections 170.310, 302.140, 302.177, 302.178, 302.145 - Drivers Education courses in schools;

In response to a similar proposal from this year (HB 609), officials from the **Office of the Treasurer** stated section 302.145, as written, would necessitate a FTE (Accounting Specialist I - \$39,324 plus \$17,762 fringe = \$57,086) to monitor disbursements. This will be allocated proportionately as a retention of interest earnings on state funds in accordance with Section 30.605 RSMo.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** state that the Drivers License Bureau assumes the increased fee proposed in this bill applies to every new, renewal and duplicate Class E, F, and M permit application for non-commercial applicants.

Based on FY 2006 issuance totals, DOR issued a total of 1,013,849 permit and license transactions. Based on this total, the new driver education fund established in this proposed bill could receive approximately \$1,689,748 in FY 08 (10 months) and approximately \$2,027,698 during subsequent fiscal years.

Officials from the **Department of Elementary and Secondary Education (DES)** made the following assumptions regarding this proposal:

§170.310.1

A school district would need at least one full-time teacher, certified to teach driver education. Teacher cost is approximately \$40,000 for salary and benefits. Currently, 53 school districts offer driver's education courses during the year. Some districts may currently employ people certified to teach the course, so DES is using 300 as an estimate of new instructors needed at the 449 high school districts. 300 teachers at \$40,000 each totals \$12 million.

DESE estimates \$4,000 annually for each district to lease one automobile and provide operating costs. For the 396 high school districts not currently providing driver's education the costs total \$1,584,000. In addition, there would be costs associated with providing classroom space, developing instructional materials, and reconfiguring the class schedule to accommodate the required class. These costs cannot be determined but would be substantial.

Oversight assumes that school districts may charge for driver's education courses in order to recoup some, if not all, of the expenses associated with the courses. **Oversight** also assumes many of the school districts will offer driver's education courses during the summer so full-time faculty or classroom space would not be needed in order to offer the courses. Even when offered during the school year as a regular part of the curriculum, **Oversight** assumes the driver's education instructor is not a full time staff position. Also, **Oversight** assumes in many cases that car dealerships of local communities may donate a vehicle for driver's education courses. For fiscal note purposes only, **Oversight** will show offsetting income and costs to be Unknown - Expected to exceed \$100,000 and (Unknown - Expected to exceed \$100,000).

ASSUMPTION (continued)

§170.310.2

DESE states this section would require their agency to develop a driver's education course to be offered by the Missouri Virtual School. DES estimates approximately \$200 per student for the course work and instructor to implement this course in the virtual environment. This allows for the text work only and does not include any simulation or actual driving experience. DES has no way to estimate the number of students that would actually take advantage of the program, so calculating a total cost is not possible.

Oversight assumes the proposed legislation requires only that DES develop the driver's education course to be offered by the Missouri Virtual School and the development costs will be paid from the Driver's Education Fund.

Officials from the **Francis Howell School District** state their district currently offers optional driver's education classes for its students.

Officials from the **Jefferson City School District** state their district has a driver's education program that would meet the requirements of the proposal.

Official from the **Fair Grove School District** state their district would have to hire at least two teachers and purchase a vehicle. The estimated cost would be in excess of \$100,000.

Section 227.295 - DWI Sign program for MoDOT;

In response to a similar proposal from this year, officials from the **Department of Transportation** stated this creates the Drunk Driving Victim Memorial Sign program and requires MoDOT to establish rules and regulations for the program. MoDOT will be responsible for the sign application process, the sign qualification process, the procedure for sign dedication, and procedures for replacement or restoration of signs that are damaged or stolen. MoDOT will also be responsible for determining placement, location and spacing of the signs. There should be no fiscal impact to MoDOT, because a "sponsoring fee" may be charged to cover costs in designing, constructing, placing and maintaining the signs, as well as MoDOT's costs in administering the program. The total cost of two signs, one for each direction will be \$1,040. Based on statistics from DPS, Missouri averages about 270 alcohol related fatalities per year. If signs are made in each instance, this would result in a total cost of \$280,800 per year. As stated in the bill, the cost will be paid by private donations for each 10 year term the signs are displayed.

ASSUMPTION (continued)

Oversight assumes that since MoDOT would be charging a "sponsoring fee" that there would be no fiscal impact to the State or Road Fund for this proposal. MoDOT will be able to cover the entire cost of the program from the fee.

Sections 238.202 - 238.275 - Transportation Development Districts;

Oversight assumes no fiscal impact from this part of the proposal.

Section 301.010 Local Log Trucks;

Officials at the **Missouri Department of Transportation (MoDOT)** assume the current law for "Local log truck" and "Local log truck tractor" appears to allow these vehicles to bypass our current overweight permitting process and allows heavier than normal legal loads that do not meet the customary limits of RSMo 304.180 to travel state highways within the current fifty mile radius. Potentially, expanding this area to one hundred miles could lead to additional damage and/or increased risk of unexpected collapse of existing bridges on our system. Also, additional "wear and tear" on our structures due to these overweight vehicles, where capacity of the individual bridge is not checked through our permit process, will likely shorten the life of our bridges on the state system and increase bridge maintenance needs. Considering the current condition of our bridges and lack of funding we feel this would have a detrimental impact on MoDOT's bridge infrastructure. MoDOT is unable to estimate the fiscal impact to the state road fund at this time. The cost likely would run in the millions of dollars for additional bridge replacements, increased bridge maintenance costs, re-rating analysis of these bridges, and installation of new posting signs.

Officials at the **City of Centralia, St. Louis County** and the **City of Kansas City** each assume that there is no fiscal impact from this proposal.

Oversight assumes that there is no direct fiscal impact from the implementation of this proposal on MoDOT or cities or counties. Road and bridge repair and replacement costs are figured into the on-going maintenance costs already performed by MoDOT, cities and counties.

Section 301.029 Self-propelled Sprayers;

In response to a similar proposal from this year (SB 371), officials from the **Department of Agriculture** and the **Missouri Highway Patrol** assumed that there is no fiscal impact from this section.

ASSUMPTION (continued)

Officials at the **Missouri Department of Transportation (MoDOT)** assume this section exempts self-propelled sprayers, floaters and other forms of implements of husbandry used for agricultural purposes from paying titling, registration and license plate fees. The fiscal impact to the department would be unknown but significantly greater than \$100,000.

Officials from the **Department of Revenue** assume implements of husbandry are already exempt from titling, registration and display, therefore this part of the proposal would not have a fiscal impact.

Section 301.037 - Proof of registration of motor carrier;

Oversight assumes this part of the proposal would not have a fiscal impact on the Department of Revenue.

Section 301.130 - License Plates;

In response to a similar proposal from this year, officials from the **Department of Revenue** assumed this part of the proposal would not fiscally impact their agency.

Sections 301.440, 301.150, 301.131, 301.310, 301.420 Motor Vehicle Registration Violations Punishment;

Oversight assumes part of the proposal could impact fine revenue collected for local school districts.

Sections 301.221, 301.225 & 301.229 - Salvage titles;

Adds an authorized or designated employee for certification for licensure of a motor vehicle.

Oversight assumes this part of the proposal will not fiscally impact the Missouri Highway Patrol.

Section 301.301 - Stolen License plate tabs;

In response to a similar proposal from this year, officials at the **Department of Revenue (DOR)** assumed in FY'06 the department issued 16,669 replacement tabs due to theft in which the applicant paid the \$8.50 fee because he/she did not submit a police report. Since a police report is no longer required for tabs issued prior to January 1, 2009, there will be a decrease in

ASSUMPTION (continued)

replacement tab revenue of approximately \$118,333 in FY '08 and \$71,000 in the first half of FY'09 due to issuing these tabs at no fee due to theft. The \$8.50 replacement tab revenue is distributed as follows: \$1 to highway, \$7.50 is split 75-15-10 to highway fund and cities and counties.

The following loss would occur:

Highway Funds (\$102,667)
City Funds (\$17,749)
County Funds (11,833)

Purple Heart License Plate Fees (Section 301.451);

Officials from the **Department of Revenue** assume there will be a \$1,095 loss in fees if the \$15 one- time application fee is eliminated.

Dealer Plates (Section 301.560);

Officials at the **Department of Revenue (DOR)** assumed there will be an increase in plate revenue due to provisions that require DOR to issue (and the applicant to purchase) three plates for every registration (original plus two). This will require 514 motor vehicle dealers to purchase 744 additional dealer plates resulting in a revenue increase of \$7,812 and will require 62 boat dealers to purchase 84 additional certificates of number resulting in revenue increase of \$882.

DOR assumes there would be a decrease in revenue each year due to the following (Revenue projections are based on a January 1, 2008 effective date. However, since dealer plate fees for calendar year 2008 are collected in the last quarter of calendar year 2007, this revenue impact is also included):

**1798 motor vehicle dealers will need to purchase 7,377 fewer plates due to basing plate quantities on sales (this excludes dealers who made fewer than 6 sales per year) resulting in a decrease of \$77,459;

**84 boat dealers will need to purchase 436 fewer certificates of number due to basing certificate quantities on sales resulting in a decrease of \$4,578.

** These figures were adjusted since it is assumed each dealer is required to take 3 plates (original + 2).

Officials at the DOR assumed they would require \$1,739 in paper costs to notify all dealers of the dealer licensure/plate related issues/title penalties at the time renewal instructions are sent out (no

ASSUMPTION (continued)

envelope and postage is required).

DOR states they will see savings from ordering fewer dealer plates (\$28,190 - Highway Fund) and boat dealer certificates of number (\$3,062 - General Revenue). DOR further states there could be an unknown revenue impact due to dealers purchasing more or less plates and certificates of number due to basing quantities on sales. DOR does not expect this impact to be substantial, due to the "up front" plate and certificate purchase requirements.

Section 301.640 Motor Vehicle Liens;

In a previous response to similar legislation (SB 82) officials from the **Department of Revenue** and **Department of Insurance, Finance, and Professional Regulation** state this section of the proposal would have no fiscal impact on their respective agencies.

Sections 302.272, 302.275 & 302.321 School bus drivers;

Oversight assumes sections 302.272 and 302.275 would not fiscally impact the state. Section 302.321 could result in additional fine revenue for local school districts.

Section 302.305 Restrictive License Plates;

Officials at the **Department of Revenue** assume an unknown increase in revenue from applicants who must purchase the restrictive license plates.

Section 302.321 Traffic fine revenue limitation for political subdivisions;

In response to a similar proposal from this year (HB 122), officials of the **Department of Elementary and Secondary Education** assumed no fiscal impact to their department or to schools.

In response to a similar proposal from this year (HB 122), officials of the **Department of Revenue** stated this proposal would have minimal fiscal impact to the department.

In response to a similar proposal from this year (HB 122), officials of the **City of Springfield** stated this proposal would not impact their city.

ASSUMPTION (continued)

In response to a similar proposal from this year (HB 122), officials of the **Office of State Auditor** stated that this bill would annually require the SAO to audit any city, town or village that fails to send excess revenues from traffic violations to the Department of Revenue in a timely fashion.

Officials stated the cost of this requirement is unknown as the number of municipalities that will need to be audited as a result of this provision is also unknown. There are approximately 861 cities, towns and villages in Missouri, so the fiscal impact may be significant, but is unquantifiable. In addition, it is anticipated that additional audits that are required as a result of this bill will require additional FTE at the SAO, which may be significant.

Oversight assumes this proposal would only affect those cities and villages that receives more than 35% of their operating revenue from fines and court costs for traffic violations occurring on state highways, that do not pay revenues from violations in excess of 35% to the DOR in a timely fashion.

Oversight assumes this would not affect a very large number of cities. Oversight assumes if the number of cities that would require annual audits were to reach an unusually large number, the State Auditor could request additional FTE, and other resources through the annual appropriation process.

Oversight will show a loss of revenue to certain cities, and an increase of income to certain school districts via the Department of Revenue. Amounts of excess revenues are indeterminable and will be shown as unknown.

Sections 302.545, 302.755, 302.775, 311.526 Expungement & Driver Rules;

In response to similar legislation filed this year (SB50 & HB 744) the following responded as follows:

Officials from the **Department of Revenue** state that the **Office of Administration Information Technology** estimates that this section could be implemented utilizing existing resources of 2 FTE's at a CITS 1 level (\$4,546) for 3 months. However, if priorities shift and additional FTE/overtime would be needed to implement, the cost will be approximately \$27,276. The effort includes extensive change to the Missouri Driver's License system (MODL).

According to officials from the **Missouri Department of Transportation (MoDOT)**, Section 302.545 provides that a person who is less than 21 years of age and whose driving privilege has

ASSUMPTION (continued)

been suspended or revoked for driving with 2/100 of one percent of blood alcohol content shall not have their record expunged if the person was holding a commercial driver's license at the time of the offense, and the person had a blood alcohol content of at least 4/100 of one percent. If the driver's blood alcohol content is under 4/100 or one percent, their record may be expunged two years after the date of such suspension or revocation, or when such person attains the age of twenty-one, whichever date first occurs.

According to an official from the Federal Motor Carrier Safety Administration, this provision would be a violation of 49 Code of Federal Regulation (C.F.R.), Section 384.225, which requires a state to retain records of commercial driver's license holder's traffic violations, in any type of vehicle, for a certain amount of time, which is determined based on the nature of the violation. The applicable section in this case is section 384.225(d), which requires this type of conviction to be retained for at least 3 years.

As currently written, the proposed legislation would subject the state to the withholding of federal funds pursuant to 49 C.F.R. Section 384.401.

- For the first year of a violation, 5% of funds, or approximately \$25 million
- For second and subsequent years, 10% of funds, or approximately \$50 million

Missouri would also be subject to withholding of Motor Carrier Safety Assistance Program (MCSAP) and New Entrant grant moneys. The amount Motor Carrier Services would lose under such a withholding would be approximately \$2,600,000.

Officials at the **Department of Revenue (DOR)** state that the Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing existing resources of 2 FTE's at a CITS 1 level (\$4,546) for 3 months. However, if priorities shift and additional FTE/overtime would be needed to implement, the cost will be approximately \$27,276. The effort includes extensive change to the Missouri Driver's License system (MODL).

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

Officials at the **Office of the State Public Defender, Missouri Highway Patrol** and the **Department of Corrections** assume that there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Oversight assumes that any cost associated with the implementation of this proposal could be absorbed with existing resources.

Section 303.415 Extends sunset on Mandatory Insurance Database Program;
In response to a similar proposal from this year (SB 295), officials from the **Office of State Courts Administrator, Missouri Department of Transportation, Department of Insurance, Financial and Professional Regulation, Department of Revenue, Office of Prosecution Services, Office of Secretary of State, Office of State Public Defender, Office of State Treasurer** each assumed the proposal will have no fiscal impact on their respective agencies.

Section 304.032 Utility Vehicles;

In response to a similar proposal from this year (HB 397), officials at the **Office of the State Public Defender** assumed passage of this proposal increases penalties on existing crimes or creates new crimes. The number of new cases may be too few or uncertain to request additional funding for this specific bill.

In response to a similar proposal from this year (HB 397), officials at the **Office of Prosecution Services** assumed this proposed legislation includes provisions for new criminal acts which potentially creates new additional obligations for prosecuting attorneys. Any increase in the number of cases referred for criminal prosecution and any new statutory obligations for prosecutors will have an additional fiscal impact on County Prosecutors. However, officials from the Office of Prosecution Services are not aware of any estimates of the number of additional criminal cases that would be referred to County Prosecutors for charges because of this proposed legislation. Additionally, the Office of Prosecution Services is not otherwise able to establish a workable estimate of the number of additional criminal cases that would be referred to County Prosecutors for charges or how many additional hours the proposed statutory obligations would require of prosecutors. It is therefore, not possible to determine the extent to which this proposal would have a direct fiscal impact on County Prosecutors for the Office of Prosecution Services.

Oversight assumes that it is difficult to estimate the number of individuals who would violate the provisions of this proposal. Oversight assumes that the Office of the State Public Defender and the Office of Prosecution Services could absorb the cost of any cases arising from this legislation. Should a large number of cases arise then they could seek additional money through the appropriation process.

ASSUMPTION (continued)

In response to a similar proposal from this year (HB 397), officials at the **Department of Natural Resources (DNR)** assume DNR's "golf carts and "gators" weigh less than 1,820 pounds and would fall into under the definition of a "Utility Vehicle". This proposal would require a person who operates a utility vehicle to wear a helmet unless he or she is at the age of 18 or older. DNR would need to purchase helmets for those who are under the age of 18 when they operate utility vehicles. DNR estimated they would need to provide between 30-50 helmets at approximately \$100 each. This would result in a fiscal impact of between \$3,000 and \$5,000 for this provision. These workers are seasonal.

In response to a similar proposal from this year (HB 397), officials at the **Department of Revenue** assume minimal impact as it is a definition.

In response to a similar proposal from this year (HB 397), officials at the **Department of Transportation, Department of Agriculture, Department of Conservation, Missouri Highway Patrol** and the **Office of the State Courts Administrator** assumed that there is no fiscal impact from this proposal.

In response to a similar proposal from this year (HB 397), officials at the **City of Kansas City** and the **City of Centralia** assume that any costs associated with issuing the permits will be offset by the revenue for the permits.

Section 304.190 - Commercial Zone changes ;

Officials of the **Missouri Department of Transportation** assume no fiscal impact from this part of the proposal.

In response to a similar proposal from this year (HCS for HB 124), officials of the **Department of Public Safety - State Highway Patrol** assumed no fiscal impact.

In response to a similar proposal from this year (HCS for HB 124), officials of **St. Louis County** assumed no fiscal impact.

Oversight sent response request to Kansas City, Jackson County, St. Charles City, St. Charles County and the City of Excelsior Springs. None of the entities responded.

Oversight assumes no state or local fiscal impact.

ASSUMPTION (continued)

Section 304.170 Driveway Saddlemount Combinations;

In response to similar legislation filed this year (SB 82) the following responded as follows:

Officials from the **Missouri Department of Transportation (MoDOT)** and **Department of Revenue** assume the proposal will have no fiscal impact on their organizations.

MoDOT notes that this section of the proposal is federally mandated under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) enacted August 10, 2005, as public law 109-59. Section 4141 of SAFETEA-LU amended 49 United States Code (U.S.C.) Section 31111(b)(1) by adding paragraph (D) which prohibits states from prescribing or enforcing a regulation that imposes a vehicle length limitation of not less than or more than 97 feet on a drive away saddle mount with full mount vehicle transporter combinations.

Section 304.232 - Commercial Vehicle Enforcement;

In response to a similar legislation filed this year (SB 484) the **Boone County Sheriff's Office** assumed their agency may incur additional costs from the initial certification and re-certification by the MHP.

Oversight assumes local police departments and sheriff's offices may decide to become certified by the Highway Patrol in order to have the authority to conduct random roadside examinations or inspections. Oversight assumes the local police departments and sheriff's offices may incur additional expense in getting this certification. Therefore, Oversight will range the expense to local political subdivisions from \$0 to (Unknown). Oversight also assumes the MHP would collect fees for these certifications enough to cover their expenses. Oversight will assume a zero net effect to the state's Road Fund.

Section 304.810 - Infraction of using a cellular telephone while driving with an instruction permit or an intermediate driver's license;

Officials from the **Department of Elementary and Secondary Education** assumes there would be 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, DES 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. The affected districts will see an equal decrease in the amount of funding received through the

ASSUMPTION (continued)

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 assumes that it would take a total of 5,000 infractions to reach \$100,000 in fine income. For fiscal note purposes only, **Oversight** assume the impact of this portion of the proposal is expected to be less than \$100,000. Oversight assumes fines paid to local school districts in one year, result in a reduction of foundation formula funding in the next year. With all of the changes within this bill, Oversight will assume an unknown increase in fine revenue to school districts.

Section 306.015, 306.016, 306.535 Vessel Titling Penalties;

Officials at the **Department of Revenue** assume the same number of applicants will be delinquent in titling vessels and outboard motors and registering documented vessels with the new increased penalties in place as the current penalties, there will be an increase in General Revenue funds in vessel/outboard motor title and documented vessel penalties in the amount of \$1,389,128 in FY'08 and \$1,666,953 each fiscal year thereafter.

Penalties for various sections (307.010, 307.015, 307.090, etc.);

Officials from the **Office of the State Courts Administrator (CTS)** assume this proposal would have no fiscal impact on their agency. CTS state changing the penalty of these violations essentially allow them to be heard in civil court. They are somewhat minor and it would be more efficient to process them in civil court. CTS assumes these changes wouldn't have an effect on fine revenue. In addition, the volume of these types of cases are minimal.

Officials from the **Department of Corrections** assume this proposal would not have a fiscal impact on their agency.

Officials form the **Office of the Attorney General** assume any potential costs arising from this proposal could be absorbed with existing resources.

ASSUMPTION (continued)

Section 307.179 Child Booster Seats;

In response to similar legislation filed this year (SB 445) the following responses were received:

Officials at the **Missouri Department of Transportation (MoDOT)** assume this section will allow church buses and vans to be exempted from the requirement in 307.179 that children under the age of 16 being transported in a motor vehicle to be properly restrained. While buses, if they do not already have safety belts installed in them, are already exempted, a state cannot allow vans to be exempted by law and still qualify to receive the federal incentive grant for having a child passenger restraint law.

The National Highway Traffic Safety Administration has allowed states to have an exemption for school buses and public carriers for hire, but does not allow exemptions for passenger vans. MoDOT is unsure at this time if we will still be able to receive the SAFETEA-LU incentive grant under section 2011 (booster seat incentive grant). The grant is approximately \$850,000 annually.

Oversight shows the potential loss of the federal grant with the adoption of this proposal as \$0 to \$850,000.

Section 379.204 - Underinsured Motor Vehicle Coverage;

In response to a similar proposal from this year (HB 433), officials from the **Department of Revenue** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal from this year (HB 433), officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** stated underinsured motorist provisions will need to be rewritten to include property damage liability and re-filed with the DIFP. There are currently 205 private passenger auto insurers and 244 commercial auto insurers with written premium in Missouri. Policy form amendments must be submitted to the DIFP along with a \$50 filing fee. The DIFP estimates one-time revenue to the Insurance Dedicated Fund of \$22,450 [(205 + 244 = 449 insurers) X \$50 filing fee].

Officials from the **Department of Transportation** state this section increases the property damage coverage of an insurance policy by utilizing part of the underinsured portion of the policy. This could have a positive fiscal impact on our property damage collections where the limits aren't sufficient to cover all the damages.

ASSUMPTION (continued)

Sections 385.200 - 385.320, 385.300 - 385.320 & repeal of Sections 407.1200 - 407.1227 - Service Contracts and Maintenance Agreements;

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state with the addition of product service contract providers and vehicle protection products contracts in this bill, the workload of insurance product analysts will increase. It is anticipated that the department will receive an influx of filings so that providers can be in compliance. The department is requesting one Insurance Product Analyst II to review contracts received. The department would use existing staff to implement the financial analysis and investigation provisions of this bill. The department cannot estimate how many companies will register but estimates it will be around 100 each for both service contracts and vehicle protection products. If numbers are considerably more additional staff may need to be requested.

Revenue will be generated as a registration fee for product service contracts is required to be paid annually up to a \$300 annual fee. The department estimates that approximately 100 companies will be registered, for a yearly revenue amount of \$30,000. Revenue will be generated as vehicle protection product warrantors are required to pay an annual registration fee of up to \$500. The department estimates that approximately 100 warrantors will be registered, for a yearly revenue amount of \$50,000. The bill does not indicate where fees will be deposited but the department has assumed it would be deposited into the Insurance Dedicated Fund where other such fees are deposited.

Subsection 385.302.5. exempts provider fees from premium taxes but requires tax be paid on premiums for reimbursement insurance policies. Premium tax is currently collected for premiums for reimbursement insurance policies handled through insurance companies. The department has not made any estimates for additional revenues being collected.

The provisions concerning motor vehicle extended service contracts, product service contracts and vehicle protection products are effective January 1, 2008.

Sections 387.075, 390.030 & 390.372 - Household movers & motor carrier transportation contract;

Officials at the **Missouri Department of Transportation (MoDOT)** assume the number of carriers regulated for household goods moving would increase, due to the large number of commercial zone only movers operating in St. Louis, Kansas City and Springfield among others.

ASSUMPTION (continued)

By increasing the number of motor carriers and their motor carrier vehicles within the Missouri Highway and Transportation Commission's (MHTC) regulatory jurisdiction, this legislation would generate additional license fee revenues for MHTC from the sale of additional regulatory licenses to these carriers pursuant to section 390.136, RSMo. The positive fiscal impact for the additional license fees is unknown.

This bill would also result in a significant number of additional motor carriers applying to MHTC for operating authority certificates and permits to transport household goods, because the changes to section 390.030 would eliminate the exemptions currently applicable to motor vehicles operated wholly within a single municipality, or between contiguous municipalities, or within a commercial zone as defined in § 390.020, RSMo, or a commercial zone as defined by an administrative order issued under § 390.041(4), RSMo. This increase in the number of household goods motor carrier operating authority applications would place an undetermined additional workload on MoDOT's Motor Carrier Services Division to process these new applications, and to enforce the requirements of chapter 390, RSMo, with reference to these formerly exempt motor carriers. The cost to implement these provisions is unknown. However, MoDOT does not believe the cost to implement this legislation will be more than the revenue received.

Officials at MoDOT assume the total fiscal impact of this legislation is unknown.

Oversight assumes that there will be an increase in the revenue generated from the issuance of the additional license fees and that the revenue generated will be greater than the cost to MoDOT to implement the proposal. The fiscal impact is unknown.

Section 390.021 Unified Carrier Registration Act

In response to similar legislation filed this year (HB 744) the following groups responded as follows:

Officials at the **Missouri Department of Transportation (MoDOT)** assume the Unified Carrier Registration (UCR) Agreement was established in the federal UCR Act of 2005, as part of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) (Public Law 109-59, August 10, 2005). The UCR Act repeals and replaces the federal Single State Registration System (SSRS), the current system under which the states operate, effective January 1, 2007.

ASSUMPTION (continued)

Upon the January 1, 2007 repeal of SSRS, states operating under SSRS will be prohibited from continuing to collect interstate regulatory license fees and regulatory license fees from interstate motor carriers that are exempted from SSRS, regardless of whether or not the state has joined the UCR Agreement. This legislation is necessary to allow the State to participate in the new Federal registration act "UCR" and continue to collect fees.

Passage of this section will allow MoDOT to continue to collect an estimated \$2,342,000 in registration fees. If this legislation does not pass, Missouri forfeits the registration fees to another state who does participate in UCR. MoDOT assumes no fiscal impact as long as this legislation passes. If not, the department will have a \$2,342,000 loss in registration fees annually

Oversight assumes that the state will comply with federal law and not lose the annual registration fee revenues.

Sections 407.730 & 407.732 Rental Cars;

In response to similar legislation this year (HB 1029) officials from the **Office of Attorney General** assume that any potential costs arising from this section can be absorbed with existing resources.

Section 407.815 Motor Vehicle Franchise Practices Act;

In response to similar legislation filed this year (SB 82) the following responded as follow:

Officials from the **Administrative Hearing Commission** anticipate that this legislation will not significantly alter its caseload; however, if other similar bills also pass, there will be fiscal impact. If there are more cases, or more complex cases, there could be a fiscal impact.

Officials from the **Department of Revenue** and the **Missouri Department of Transportation** state this section of the proposal will have no fiscal impact on their respective agencies.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the various agencies' authority to promulgate rules, regulations, and forms. SOS estimates the divisions could require approximately 142 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 213 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$8,733, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or

ASSUMPTION (continued)

withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

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

Officials from the **Office of the State Public Defender (SPD)** state passage of bills increasing penalties on existing crimes, or creating new crimes, requires the State Public Defender System to further extend resources. While the number of new cases may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide competent and effective representation in all its cases.

Officials from the **Department of Revenue**, in summary, assume the need for 9 additional FTE, plus the need for four temporary tax employees.

This proposal could impact Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2008	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Income - Department of Revenue</u>			
Additional boat certificates of number (301.560)	\$882	\$882	\$882
<u>Savings - Department of Revenue</u>			
Fewer boat dealer certificates ordered (301.560)	\$3,062	\$3,062	\$3,062
<u>Income - Department of Revenue</u>			
Purchase of restrictive license plates (302.302)	Unknown	Unknown	Unknown

<u>Income</u> - Department of Revenue			
Excess fine revenue over 35% of annual general operating revenue transferred to state (302.341)	Unknown	Unknown	Unknown
<u>Savings</u> - Reduced education state aid requirement due to increased fine revenue distributed to schools (Sections 304.810 & various others)			
	\$0	Unknown	Unknown
<u>Income</u> - Department of Revenue			
Vessel titling penalties (Sections 306.015, 306.016 & 306.535)	\$1,389,128	\$1,666,953	\$1,666,953
<u>Loss</u> - Department of Revenue			
Tax credit for installation of idle reduction technology (135.670)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Loss</u> - Department of Revenue			
Tax credit for alternative fuel refueling station (135.710)	\$0	\$0 to (\$3,000,000)	\$0 to (\$2,000,000)
<u>Loss</u> - Department of Revenue			
Income tax deduction for purchase of qualified hybrid vehicle (143.114)	\$0	(Could exceed \$341,077)	(Could exceed \$341,077)
<u>Loss</u> - Department of Revenue			
Tax credit for E-85 gasoline (143.128)	\$0	\$0 to (\$500,000)	\$0 to (\$500,000)
<u>Loss</u> - DOR			
Sales tax exemption expanded by 'rebuttable presumption' language (144.030.2(12))	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - DOR			
Sales tax exemption in FY 2008 for new motor vehicles designated to operate on E-85 (144.030.2(41))	(\$426,215)	\$0	\$0

Loss - DOR

Sales tax exemption for MoDOT projects (144.062)	\$0	(\$12,870,000)	(\$9,433,500)
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Costs - State Treasurer

Personal Service (1 FTE)	(\$33,753)	(\$41,719)	(\$42,970)
Fringe Benefits	<u>(\$15,277)</u>	<u>(\$18,882)</u>	<u>(\$19,448)</u>
Total Costs - STO (302.145)	(\$49,030)	(\$60,601)	(\$62,418)
FTE Change - STO	1 FTE	1 FTE	1 FTE

Costs - Department of Revenue

Personal Service (9 FTE)	(\$184,751)	(\$228,352)	(\$235,203)
Fringe Benefits	(\$94,807)	(\$117,181)	(\$120,696)
Temporary Tax Employees	(\$24,720)	(\$30,554)	(\$31,471)
Expense and Equipment	<u>(\$71,777)</u>	<u>(\$27,896)</u>	<u>(\$28,732)</u>
Total Costs - DOR	(\$376,055)	(\$403,983)	(\$416,102)
FTE Change - DOR	9 FTE	9 FTE	9 FTE

Loss - Department of Revenue

Fewer dealer plates sold (301.560)	(\$4,578)	(\$4,578)	(\$4,578)
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Loss - transfer out to local school districts - excess fine revenue over 35% of annual general operating revenue (302.341)

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND

<u>\$503,441 to</u>	<u>(\$12,051,061 to</u>	<u>(\$8,629,748 to</u>
<u>(Unknown)</u>	<u>Unknown)</u>	<u>Unknown)</u>

Note: The fiscal note does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the loss in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.

Estimated Net FTE Change for General Revenue Fund	10 FTE	10 FTE	10 FTE
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ROAD FUND

Income - MoDOT

Sponsoring Fee for DWI Sign Program (Section 227.295)	\$234,000	\$280,800	\$280,800
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Savings - MoDOT

Sales tax exemption for MoDOT projects (144.062)	\$0	\$26,705,250	\$19,574,512
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Income - Department of Revenue

Additional dealer plates issued (301.560)	\$7,812	\$7,812	\$7,812
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Income - Missouri Highway Patrol

Fees from police departments and sheriff's offices to become certified to conduct random roadside examinations or inspections of commercial vehicles (304.230)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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Savings - Department of Revenue

Fewer dealer plates ordered (301.560)	\$28,190	\$28,190	\$28,190
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Income - MoDOT

Additional license fee revenues for household common carriers (Section 387.075)	Unknown	Unknown	Unknown
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Loss - MoDOT

Motor Fuel tax exemption for school bus operation (142.816)	(\$1,887,000)	(\$2,287,000)	(\$2,310,000)
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Loss - MoDOT

Motor Fuel tax exemption for public mass transportation (142.817)	(\$825,000)	(\$1,238,000)	(\$1,238,000)
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<u>Loss - MoDOT</u>			
Sales tax exemption for railroad rolling stock (144.030.2(11))	(Unknown)	(Unknown)	(Unknown)
 <u>Loss - DOR</u>			
Sales tax exemption in FY 2008 for new motor vehicles designed to operate on E-85 (144.030.2(41))	(\$2,983,502)	\$0	\$0
 <u>Costs - MoDOT - expenses of creating signs for DWI sign program (227.295)</u>			
	(\$234,000)	(\$280,800)	(\$280,800)
 <u>Loss - Department of Revenue</u>			
Replacement tabs (301.301)	(\$92,230)	(\$55,338)	\$0
 <u>Loss - Dept. of Revenue</u>			
Loss of revenue from Purple Heart Reservation Fee (301.451)	(\$684)	(\$821)	(\$821)
 <u>Loss - Department of Revenue</u>			
Fewer dealer plates sold (301.560)	(\$69,647)	(\$69,647)	(\$69,647)
 <u>Costs - Missouri Highway Patrol</u>			
Cost of certification of local police and sheriffs on commercial vehicle enforcement	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
 <u>Costs - MoDOT</u>			
Additional workload because of increase in motor carrier applications (Section 387.075)	(Unknown)	(Unknown)	(Unknown)
 ESTIMATED NET EFFECT TO THE ROAD FUND	 (\$5,822,061 to <u>Unknown</u>)	 \$23,090,446 to <u>Unknown</u>)	 \$15,992,046 to <u>Unknown</u>)

DRIVERS EDUCATION FUND

<u>Income</u> - Driver's license/Permit fees			
Increase in fees from sections (302.140, 302.177 & 302.178)	\$1,689,748	\$2,027,698	\$2,027,698
<u>Costs</u> - DESE - Development of driver's education courses for Missouri Virtual School (170.310)			
	(Unknown - not expected to exceed \$100,000)	\$0	\$0
<u>Costs</u> - Drivers Education coarse subsidies (302.145)			
	(Unknown - up to \$1,689,748)	(Unknown - Up to \$2,027,698)	(Unknown - Up to \$2,027,698)
ESTIMATED NET EFFECT TO THE DRIVERS EDUCATION FUND			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CRIMINAL RECORDS FUND

<u>Revenues</u> - Missouri Highway Patrol			
Fees from record checks (name) from \$5 to \$9 per record (43.530)	\$2,303,333	\$2,764,000	\$2,764,000
<u>Revenue</u> - Missouri Highway Patrol			
Fees from record checks (fingerprint) from \$14 to \$20 per record (43.530)	\$565,000	\$678,000	\$678,000
<u>Revenue</u> - Missouri Highway Patrol			
Fees from record checks (name) from \$9 to \$10 on January 1, 2010 (43.530)	<u>\$0</u>	<u>\$0</u>	<u>\$345,500</u>
ESTIMATED NET EFFECT TO THE CRIMINAL RECORDS FUND			
	<u>\$2,868,333</u>	<u>\$3,442,000</u>	<u>\$3,787,500</u>

INSURANCE DEDICATED FUND

<u>Income - Insurance Dedicated Fund</u>			
Form filing fees (section 379.204)	\$22,450	\$0	\$0
<u>Income - DIFP</u>			
Vehicle Protection product registration fee (385.400 - 385.436)	\$50,000	\$50,000	\$50,000
<u>Income - DIFP</u>			
Service Contract registration fees (385.300 - 385.320)	\$30,000	\$30,000	\$30,000
<u>Costs - DIFP</u>			
Personal Service (1 FTE)	(\$15,584)	(\$31,947)	(\$32,746)
Fringe Benefits	(\$7,053)	(\$14,459)	(\$14,821)
Expense and Equipment	(\$4,280)	(\$3,614)	(\$3,721)
<u>Total Costs - DIFP (385.200 - 385.436)</u>	<u>(\$26,917)</u>	<u>(\$50,020)</u>	<u>(\$51,288)</u>
FTE Change - DIFP	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT TO THE INSURANCE DEDICATED FUND			
	<u>\$75,533</u>	<u>\$29,980</u>	<u>\$28,712</u>
Estimated Net FTE Change for Insurance Dedicated Fund	1 FTE	1 FTE	1 FTE

VARIOUS STATE FUNDS

<u>Costs - Various state agencies</u>			
To Criminal Records Fund for fingerprint background checks (43.546)	\$0 to (\$36,720)	\$0 to (\$36,720)	\$0 to (\$36,720)
<u>Loss - School District Trust Fund</u>			
Sales tax exemption on E85 vehicles (144.030.2(41))	(\$568,286)	\$0	\$0

<u>Loss</u> - School District Trust Fund			
Sales tax exemption for MoDOT projects (144.062)	\$0	(\$4,290,000)	(\$3,144,500)
<u>Loss</u> - School District Trust Fund			
Other various sales tax exemptions	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - Conservation Fund			
Sales tax exemption on E85 vehicles (144.030.2(41))	(\$142,072)	\$0	\$0
<u>Loss</u> - Conservation Fund			
Sales tax exemption for MoDOT projects (Section 144.062)	\$0	(\$536,250)	(\$393,063)
<u>Loss</u> - Conservation Fund			
Other various sales tax exemptions	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - Parks and Soils Fund			
Sales tax exemption on E85 vehicles (144.030.2(41))	(\$113,657)	\$0	\$0
<u>Loss</u> - Parks and Soils Fund			
Sales tax exemption for MoDOT projects (Section 144.062)	\$0	(\$429,000)	(\$314,450)
<u>Loss</u> - Parks and Soils Fund			
Other various sales tax exemptions	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - Motor Vehicle Commission Fund	(\$5,060)	\$0	\$0
Notifications, Postage & Envelopes			
<u>Costs</u> - Parks and Soils Fund			
To purchase helmets for utility vehicle drivers (Section 304.032)	(\$3,000 to \$5,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS	(\$832,075 to <u>Unknown</u>)	(\$5,255,250 to <u>Unknown</u>)	(\$3,852,013 to <u>Unknown</u>)

Costs - School Districts

Instructors and automobile costs for driver's education courses (170.310 & 302.145)	(Unknown - expected to exceed \$100,000)	(Unknown - expected to exceed \$100,000)	(Unknown - expected to exceed \$100,000)
<u>Loss</u> - Cities - motor fuel tax exemption for school bus operation (142.816)	(\$387,000)	(\$468,000)	(\$473,000)
<u>Loss</u> - Counties - motor fuel tax exemption for school bus operation (142.816)	(\$303,000)	(\$367,000)	(\$371,000)
<u>Loss</u> - Cities - motor fuel tax exemption for public mass transportation (142.817)	(\$169,000)	(\$254,000)	(\$254,000)
<u>Loss</u> - Counties - motor fuel tax exemp. for public mass trans. (142.817)	(\$133,000)	(\$199,000)	(\$199,000)
<u>Loss</u> - Cities and Counties - Sales tax exemption for MoDOT projects (144.062)	\$0	(\$8,580,000)	(\$6,289,000)
<u>Loss</u> - Cities and Counties - various sales tax exemptions	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - cities and counties - replacement tabs (Section 301.301)	(\$26,103)	(\$15,662)	\$0
<u>Loss</u> - cities and counties - Purple Heart fees not charged (301.451)	(\$228)	(\$274)	(\$274)
<u>Loss</u> - cities, towns and villages - change in excess fine revenue laws (302.341)	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - local police and sheriff's departments for certification for the ability to inspect commercial vehicles (304.232)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

Loss - School Districts

Reduction in state distribution to account for increase in fine revenue in prior year (304.810 & various others)	\$0	(Unknown)	(Unknown)
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ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>
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FISCAL IMPACT - Small Business

Small businesses in the transportation industry could be impacted as a result of this proposal.

FISCAL DESCRIPTION

This bill modifies various provisions relating to the regulation of motor vehicles. In its main provisions, the substitute:

HIGHWAY PATROL (Sections 43.010 - 43.547);

(1) Updates several sections of law relating to the operations of the Highway Patrol that are contained in Chapter 43, RSMo. The Highway Patrol was under the direction and authority of the Highway Commission until the early 1940's. Several superannuated laws that no longer apply to the operations of the highway patrol due to modernization of state government, technology and other statutes and adopted procedures are repealed. The definition of the Highway Commission is removed from Chapter 43, RSMo, since the commission no longer has oversight over the Highway Patrol. The current statutory requirement for the superintendent of the highway patrol to reside within the city limits of Jefferson City, the requirement that general headquarters be open at all times, the requirement that a telegraph be available, the requirement that the highway commission approve all personnel expenses and changes where civil witnesses fees are deposited, and the requirement that the superintendent, major, director of radio and budget personnel be bonded with the Highway Commission have all been removed. The bill changes the requirement that the superintendent divide the state into troops instead of districts and removes the requirement that the Highway Patrol send an end of the year fiscal report to the governor and the Highway Commission. The bill changes statutory direction to the highway patrol to deliver those arrested directly to the court, to "their designee," such as an appropriate jail or sheriff.

FISCAL DESCRIPTION (continued)

The highway patrol, at the direction of the Governor, is authorized to conduct name or fingerprint background investigations of gubernatorial appointees. The Governor's directive shall state whether such background investigation will be a name or fingerprint background investigation. If a fingerprint background investigation is ordered, the appointee must submit a set of fingerprints. These fingerprints and the accompanying fees are forwarded to the highway patrol to search the state criminal history repository and the FBI for a national criminal background check. In addition, the highway patrol may, at the Governor's direction, conduct other investigations to determine if an applicant or appointee has paid his or her required taxes and establish the person's suitability for positions of public trust. The background investigations may include criminal history record information and other source information obtained by the highway patrol.

The amount an entity making a request for criminal history record information that is not based on a fingerprint search must pay has been changed from not more than \$5 per request to not more than \$9 for such a request, regardless of whether required by law. Beginning January 1, 2010, the fee may be increased \$1 per year with a maximum fee of \$15 per request.

Any state agency, board, or commission is allowed to require an applicant to provide fingerprints in specified occupations or appointments for the purposes of positive identification and receiving criminal history record information when determining the applicant's ability to serve in such an occupation or appointment. The applicant or employee must submit a set of fingerprints and the accompanying fees to the highway patrol to search the state criminal history repository and the FBI for a national criminal background check. All records related to any criminal history information discovered shall be accessible to the state agency making the request.

TAX CREDIT FOR IDLE TRUCK TECHNOLOGY (Section 135.670);

Section 135.670 would provide a tax credit for the use of idle reduction technology.

ALTERNATIVE FUEL FACILITY TAX CREDIT (Section 135.710);

Creates an income tax credit for the costs of constructing a qualified alternative fuel vehicle refueling property. The cumulative amount of credits which may be claimed shall not exceed three million dollars for taxable year 2008. For taxable year 2009, the cumulative amount of tax credits which may be claimed is reduced to two million dollars, and for taxable year 2010, the amount is further reduced to one million dollars. The tax credit is non-refundable, but may be carried forward for two subsequent tax years. The tax credit is fully transferable. The act contains a recapture provision for refueling properties which cease sales of alternative fuel. The

FISCAL DESCRIPTION (continued)

provisions of the act creating the tax credit program will automatically expire twelve years from the effective date of the act if not re-authorized.

MOTOR FUEL TAX EXEMPTION FOR SCHOOL DISTRICTS (Section 142.816);

Exempts fuel sold to school districts from the motor fuel tax when the bus is driven to transport students for educational purposes.

MOTOR FUEL TAX EXEMPTION FOR PUBLIC TRANSPORTATION (Section 142.817);

Authorizes an exemption from the motor fuel tax for motor fuel sold for use by an interstate transportation authority, a city transit authority, or a city utilities board to operate a public mass transportation facility.

INCOME TAX DEDUCTION FOR THE PURCHASE OF A HYBRID VEHICLE (Section 143.114);

This section creates an income tax deduction for tax year 2008, for a taxpayer's purchase of qualified hybrid vehicles. The deduction will equal the lesser of one thousand five hundred dollars or ten percent of the purchase price of the vehicle. The tax deduction must be taken in the year in which the purchase is made.

TAX CREDIT FOR THE PURCHASE OF E-85 GASOLINE (Section 143.128);

This section creates a tax credit for the purchase of E-85 gasoline. The tax credit will be equal to: twenty five cents per gallon for 2008; twenty cents per gallon for 2009 and 2010; and fifteen cents per gallon for 2011 and each subsequent year. The tax credit must be for at least fifty dollars, but may not exceed five hundred dollars per taxpayer per year. The aggregate amount of tax credits which may be redeemed by all taxpayers in any given year shall not exceed five hundred thousand dollars. The tax credit is non-refundable, but may be carried forward three years. The provisions allowing for the tax credit for purchases E-85 gasoline will sunset six years from the effective date of the act unless re-authorized.

SALES TAX EXEMPTION FOR COMMON CARRIERS (Section 144.030.2(11));

Under current law, an exemption from sales tax is permitted for motor vehicles licensed for a gross weight of twenty-four thousand pounds or more or trailers used by common carriers solely in the transportation of persons or property in interstate commerce. This bill allows such sales tax exemption for motor vehicles licensed for a gross weight of twenty-four thousand pounds or more or trailers used by common carriers in the transportation of persons or property.

FISCAL DESCRIPTION (continued)

SALES TAX EXEMPTION FOR AUTOMOBILE MANUFACTURERS (Section 144.030.2(12));

Under current law, in order for a manufacturer to receive an exemption from sales tax for electrical energy used in the primary manufacture of a product, the manufacturer must prove that the total cost of electricity used exceeds ten percent of the total cost of production or that the raw materials used in the primary manufacture of a product contain at least twenty-five percent recovered materials. This amendment creates a rebuttable presumption that the raw materials used in the primary manufacture of automobiles contain at least twenty-five percent recovered materials.

SALES TAX EXEMPTION ON TEXTBOOKS (Section 144.030.2(40) and <144.517>;

Deletes an already existing exemption and creates a new sales tax exemption on the sale of textbooks for university and college textbooks.

SALES TAX EXEMPTION ON NEW MOTOR VEHICLES DESIGNED TO OPERATE ON 85 PERCENT ETHANOL FUEL (Section 144.030.2(41));

Creates a sales tax exemption for fiscal year 2008, for purchases of automobiles designed to operate on eighty-five percent ethanol fuel.

SALES TAX EXEMPTION FOR HIGHWAY CONSTRUCTION MATERIALS (Section 144.062);

Authorizes a sales tax exemption on materials purchased by contractors for use in the construction of highways and other Department of Transportation projects, beginning July 1, 2008.

MANDATORY DRIVERS EDUCATION COURSES (Sections 170.310, 302.140, 302.177, 302.178, 302.145)

The Department of Elementary and Secondary Education is required to develop a driver's education course to be offered through the Missouri Virtual School.

Certain driver's license fees are increased by \$2, to be deposited into the newly created Driver's Education Fund, for the development of the on-line course and to offset fees for students who qualify for the reduced-price lunch program.

DWI MEMORIAL SIGN PROGRAM (Section 227.295);

Establishes a drunk driving victim memorial sign program in the Department of Transportation. The signs shall be placed upon the state highways at or near the scene of the accident in accordance with placement guidelines adopted by the department, and any applicable federal

FISCAL DESCRIPTION (continued)

limitations or conditions on highway signage, including location and spacing. The department shall adopt, by rules and regulations, program guidelines for the application for and placement of signs authorized by this section, including, but not limited to, the sign application and qualification process, the procedure for the dedication of signs, and procedures for the replacement or restoration of any signs that are damaged or stolen. An immediate family member or another person with written consent from the family may apply to the department to sponsor a drunk driving victim memorial sign in memory of who died as a result of a motor vehicle accident caused by a person who was shown to have been operating a motor vehicle in violation of an alcohol-related traffic law at the time of the accident. The department can charge the sponsoring party a fee to cover the department's cost in designing, constructing, placing, and maintaining the sign. The sign will resemble a Missouri license plate and will feature the words "Drunk Driving Victim!", the initials of the deceased victim and the month and year in which the victim of the drunk driving accident was killed and the phrase, "Who's Next?". Signs will remain in place for a period of 10 years.

TRANSPORTATION DEVELOPMENT DISTRICTS (TDD);

Makes certain process changes in establishing and governing transportation development districts. (Sections 238.202, 238.207, 238.208, 238.225, 238.230 & 238.275)

DECLARATIONS (Section 301.007);

Authorizes the Director of Revenue to administer oaths to individuals filing declarations, statements or other documents required to be signed under Chapter 301 and Chapter 306. A signed declaration shall be prima facie evidence that the individual signed the declaration.

LOCAL LOG TRUCK (Section 301.010);

Modifies the definitions of the terms "local log truck" and "local log truck tractor" by expanding the area from 50 to 100 miles radius from a forested site in which such vehicles can operate.

SELF-PROPELLED SPRAYERS (Section 301.029);

Exempts self-propelled sprayers, floaters, and other forms of implements of husbandry that are used for spraying chemicals or spreading fertilizer for agricultural purposes from complying with motor vehicle titling, registration and license plate display laws.

COMMERCIAL MOTOR VEHICLES REGISTRATION (Section 301.037);

Requires owners of commercial motor vehicles with a licensed gross weight over 50,000 pounds to submit proof that they are registered with the division of motor carrier services prior to obtaining or renewing license plates for such vehicles.

FISCAL DESCRIPTION (continued)

RE-ISSUANCE OF LICENSE PLATES (Section 301.130);

Modifies the law regarding the re-issuance of license plates. The current law provides that re-issuance must occur beginning January 1, 2009. This act modifies the re-issuance provision by granting the director more discretion when to begin re-issuance so long as it occurs no later than January 1, 2009.

LICENSE PLATES;

Makes several technical changes to provisions pertaining to manufacturer and dealer license plate letter and numbers beginning when the director reissues the new license plates on December 1, 2008, whichever occurs first. (Sections 301.130, 301.144, and 301.560)

REISSUANCE OF LICENSE PLATES (Section 301.130.9);

Modifies the law regarding the reissuance of license plates by granting the director more discretion when to begin reissuance so long as it occurs no later than January 1, 2009.

LICENSE PLATE COVERS (Section 301.130);

Provides that license plates may be encased in transparent covers so long as the plates are plainly visible and their reflective qualities are not impaired.

HISTORIC VEHICLE MILEAGE LIMITATION (Section 301.131);

Changes the punishment when the mileage limitation is exceeded on historic vehicles.

DISABLED LICENSE PLATES AND PLACARDS (Section 301.142);

Exempts any permanently disabled person 65 years of age or older from the physician's statement requirement when renewing disabled license plates or windshield placards.

MOTOR VEHICLE REGISTRATION VIOLATIONS PUNISHMENT;

Makes certain motor vehicle registration violations punishable as infractions. The fine for the enumerated motor vehicle registration violations shall not be less than \$5 nor more than \$500. The current law provides that certain motor vehicle registration violations are punishable by imprisonment in the county jail for a term not exceeding one year or by a fine of not less than \$5 or more than \$500, or by both. (Sections 301.440, 301.150, 301.131, 301.310, and 301.420)

Violations of Missouri's ATV titling and registration laws are punishable as infractions. (Section 301.716).

HIGHWAY PATROL EMPLOYEES; (Sections 301.221, 301.225 & 301.229);

Adds an authorized or designated employee for certification for licensure of a motor vehicle.

FISCAL DESCRIPTION (continued)

STOLEN LICENSE PLATE TABS (Section 301.301);

Modifies the stolen license plate tabs procedure for obtaining free tabs from the Department of Revenue by requiring on or after January 1, 2009, that a person submit a police report with his or her application. This provision of the bill contains an emergency clause.

FIREFIGHTER LICENSE PLATE (Section 301.444);

Restores a corrected provision dealing with volunteer firefighter and fire district firefighter special license plates that was erroneously omitted by the General Assembly in 2004.

SPECIAL LICENSE PLATE FEE (Section 301.451);

Removes the additional fee charged for the "PURPLE HEART" special motor vehicle license plate.

EMERGENCY VEHICLE DEALERS (Section 301.550);

Exempts dealers who sell only emergency vehicles from maintaining a bona fide place of business (including the related law enforcement certification requirements) and from meeting the minimum yearly sales.

LIMITATION ON ISSUANCE OF DEALER PLATES (Section 301.560);

Requires the department to issue to new motor vehicle manufacturers and other dealers 1 distinctive dealer plate and 2 additional number plates. The fee for the 2 additional number plates is \$21. New motor vehicle manufacturers cannot be issued or possess more than 347 additional number plates or certificates of number annually. New and used motor vehicle dealers, powersport dealers, wholesale motor vehicle dealers, boat dealers, and trailer dealers are limited to 1 additional plate or certificate of number per ten-unit qualified transactions annually. New and used recreational motor vehicle dealers are limited to 2 additional plates or certificate of number per ten-unit qualified transactions annually for their first 50 transactions and 1 additional plate or certificate of number per ten-unit qualified transactions thereafter. An applicant seeking the issuance of an initial license shall indicate on his or her initial application, the applicant's proposed annual number of sales in order for the director to issue the appropriate number of additional plates or certificates of number. Wholesale and public auctions shall be issued a certificate of dealer registration in lieu of a dealer number plate.

USED MOTOR VEHICLE DEALER EDUCATIONAL SEMINAR (Section 301.560.9);

Exempts public auto auctions and applicants currently holding a new or used dealer's license for a separate dealership from showing proof of completing an educational seminar when applying for a used motor vehicle dealer's license. Also, current new motor vehicle franchise dealers and motor vehicle leasing agencies are not subject to the educational seminar requirements.

FISCAL DESCRIPTION (continued)

RELEASE OF MOTOR VEHICLE LIENS (Section 301.640);

Reduces the number of business days from 10 to 5 that a lienholder has to release a motor vehicle lien after the lien has been satisfied. The lienholder must notify the Department of Revenue within 5 business days if the certificate of ownership is in the department's possession. The fines for noncompliance with the time deadlines is increased from a maximum fine of \$500 to a graduated liquidated damages scale with a maximum amount of \$2,500 in damages that can be imposed for each lien not timely released.

RESIDENCE ADDRESS (Section 302.010):

Adds a definition for the residence address.

SCHOOL BUS DRIVERS (Sections 302.272, 302.275);

Restricts the director of revenue from issuing or renewing a school bus endorsement to any applicant whose driving record shows that the applicant has been convicted of an intoxication-related traffic offense while operating a school bus. A person convicted of an intoxication-related offense while operating a school bus will have his or her school bus endorsement permanently denied by the court, beginning on the date of the court order.

School bus drivers are required to notify the school district or their employing contractor whenever he or she receives a citation for an intoxicated-related traffic offense. Failure to notify the school district or the employing contractor of the citation prior to resuming operation of the school bus, shall constitute a valid reason to discharge such person from the school district's or employing contractor's employ.

The fine for driving with a revoked license while operating a school bus is set at \$1,000. These provisions have an effective date of January 1, 2008. (Section 302.321)

RESTRICTED LICENSE PLATES (Section 302.305);

Requires that any person whose driver's license has been suspended, revoked, or disqualified for a period of not less than 60 days or if the person is denied for alcohol or manslaughter violations under the law, immediately surrender his or her current license plates to the Department of Revenue for destruction and be issued a set of restricted license plates that are different in color from regular plates. The special plate must be displayed on the motor vehicle or motor vehicles registered solely or jointly in the person's name for the period of the suspension, revocation, denial, or disqualification.

FISCAL DESCRIPTION (continued)

Law enforcement officers shall have probable cause to stop any vehicle displaying restricted license plates to determine whether the driver of such vehicle has a valid driver's license or a limited driving privilege.

A registered owner of a motor vehicle who has been issued restricted license plates may not sell the motor vehicle during the period the vehicle is required to display the plates unless the registered owner applies to the department for permission to transfer title to the motor vehicle. Any vehicle acquired by the applicant during the period of restriction shall display the restricted license plates.

TRAFFIC VIOLATION REVENUES (Section 302.341);

Currently, if a city, town, or village receives more than 45% of its total annual revenue from fines for traffic violations, all revenue from these violations in excess of 45% must be sent to the Department of Revenue. This substitute reduces the amount to 35% of the annual general operating revenue, but includes court costs for traffic violations in the amount. Failure to send the excess revenue to the department in a timely manner as determined by the department results in the city, town, or village being subject to an annual audit by the State Auditor.

EXPUNGEMENT OF RECORDS OF CDL HOLDERS (Sections 302.545 & 311.326);

Prohibits the expungement of a minor in possession charge for holders of commercial driver's licenses or persons operating commercial motor vehicles at the time of the violation. (311.326)

Also, no records shall be expunged until 3 years after the date of suspension or revocation, if the person was holding a commercial driver's license at the time of the offense. (302.545)

FAILURE TO APPEAR (Sections 302.700 & 302.755);

Includes failure to appear by a commercial license holder or operator of a commercial motor vehicle as a commercial driver offense requiring indefinite suspension until compliance is met.

LANGUAGE INTERPRETERS/CDL EXAMINATIONS (Section 302.720);

Provides that the Department of Revenue shall neither supply nor permit the use of language interpreters in connection with commercial driver's license examination process.

DRIVING WHILE OUT OF SERVICE (Section 302.755);

Provides that any person convicted for the first time of driving while out of service shall be disqualified in the manner prescribed by federal regulations.

FISCAL DESCRIPTION (continued)

CDL MILITARY EXEMPTION (Section 302.755);

Exempts a military member while driving a vehicle for military purposes from possessing a CDL. Current law provides that the military member must be driving a military vehicle to qualify for the exemption.

MANDATORY INSURANCE DATABASE PROGRAM (Section 303.415);

Extends the sunset clause on the mandatory insurance database program from June 30, 2007, to June 30, 2012. The bill contains an emergency clause.

CONSERVATION AGENT/EMERGENCY VEHICLE (Section 304.022);

Adds vehicles driven by law enforcement agents of the Department of Conservation to the list of vehicles considered "emergency vehicles".

UTILITY VEHICLES (Section 304.032);

Defines the term "utility vehicle" as any motorized vehicle manufactured and used exclusively for off-highway purposes which is 63 inches or less in width, has an unladen dry weight of 1,900 pounds or less, travels on four or six wheels, and is used primarily for agricultural, landscaping, lawn care, or maintenance purposes. A utility vehicle shall not be operated upon the highways of this state except:

- (A) Governmental owned and operated utility vehicles for official use;
- (B) Utility vehicles operated for agricultural purposes or industrial on-premise purposes between the official sunrise and sunset;
- (C) Utility vehicles operated occasionally by handicapped persons for short distances only on the state secondary roads between the hours of sunrise and sunset;
- (D) Utility vehicles which have been issued special permits by a city to be used on highways within the city limits by licensed drivers. The city may impose a \$15 fee for such permit; and
- (E) Utility vehicles which have been issued special permits by a county to be used on highways within the county limits by licensed drivers. The county may impose a \$15 fee for the permit.

No person shall operate a utility vehicle in a careless way so as to endanger the person or property of another; or while under the influence of alcohol or a controlled substance. No person shall operate a utility vehicle within any stream or river except by an operator who owns the property or has permission to be on the property on which the waterway flows through or when fording a low-water crossing. A person operating a utility vehicle on a highway shall have a valid operator's or chauffeur's license and cannot carry a passenger, except for agricultural purposes, unless the seat of the utility vehicle is designed to carry more than one person. The

FISCAL DESCRIPTION (continued)

vehicle shall not be operated at a speed of more than 30 miles per hour on a highway. Utility vehicles are exempt from titling and registration.

FAILURE TO STOP FOR SCHOOL BUSES (Section 304.070);

Increases driver's license suspension periods for motorists who fail to stop for school buses that are loading or unloading children. The suspension period for a first violation for failing to yield for a school bus is increased from 90 days to 120 days. A second or subsequent violation of the school bus stop provision will result in a 180 day suspension.

DRIVEAWAY SADDLEMOUNT COMBINATIONS (Section 304.170);

Increases the maximum length for driveaway saddlemount combinations from 75 feet to 97 feet when operated on the interstate highways.

COMMERCIAL ZONES (Section 304.190);

Changes the laws regarding commercial zones. The substitute:

- (A) Establishes a commercial zone east of the city limits of Kansas City along State Route 210 and northwest from the intersection of State Route 210 and State Route 10 to include the boundaries of the City of Excelsior Springs;
- (B) Extends the commercial zone surrounding the City of St. Louis from 18 to 25 miles beyond its corporate city limits and extends throughout St. Louis and St. Charles counties;
- (C) Extends the commercial zone of the City of Festus in Jefferson County south from the city limits along U. S. Highway 61 to the intersection of State Route OO in St. Genevieve County; and
- (D) Prohibits any motor vehicle from operating in the commercial zone of the City of St. Joseph with a weight greater than 22,400 pounds on one axle or a height over 15 feet.

COMMERCIAL MOTOR VEHICLE ROADSIDE INSPECTIONS (Section 304.232);

Requires the state highway patrol establish a program to certify local law enforcement officers to enforce commercial motor vehicle laws. The certification procedures will include training, testing, on-the-job experience, data collection and other prescribed components established by the Commercial Vehicle Safety Alliance (CVSA). Reasonable fees can be charged to cover the costs of training and certification.

FISCAL DESCRIPTION (continued)

Beginning January 1, 2008, no law enforcement officer may make an arrest, issue a citation or conduct a commercial motor vehicle roadside inspection to determine compliance with the applicable commercial motor vehicle laws unless the law enforcement officer has satisfactorily completed a basic training course developed by CVSA and has been certified by the Highway Patrol.

Beginning January 1, 2008, only law enforcement officers that have been certified by the Missouri State Highway Patrol under the bill, members of the Missouri State Highway Patrol, regularly employed maintenance men of the Department of Transportation, or commercial vehicle enforcement officers will can conduct random roadside examinations or inspections to determine compliance with the commercial motor vehicle weight and size limit laws (Sections 304.170 to 304.230), and only such officers will have the authority, with or without probable cause to believe that the size or weight is in excess of that permitted by the law, to require the driver, operator, owner, lessee, or bailee, to stop, drive, or otherwise move to a location to determine compliance with the law. A law enforcement officer not certified may stop a vehicle that has a visible external safety defect that could cause immediate harm to the traveling public. In the course of a stop, the law enforcement officer must identify to the driver the defect that caused the stop.

If the vehicle passes the roadside inspection, the law enforcement officer, state highway patrolman, or other authorized person can issue the operator, driver, owner, lessee, or bailee of such vehicle a Commercial Vehicle Safety Alliance inspection decal to be affixed to the vehicle in a manner prescribed by the superintendent. Once issued, the decal will be valid for 3 consecutive months and exempts the vehicle from further inspection during such period unless the vehicle has a visible external safety defect or the law enforcement officer at hand has probable cause to believe that the size or weight of the vehicle is in excess of that permitted by law.

AFFIRMATIVE DEFENSE FOR PROCEEDING THROUGH REDLIGHT WITH A MOTORCYCLE ("DEAD RED") (Section 304.281);

Provides that a person operating a motorcycle who enters or crosses an intersection controlled by a traffic-control signal against a red light shall have an affirmative defense to that charge if the person establishes all of the following conditions:

- (A) The motorcycle has been brought to a complete stop;
- (B) The traffic signal continues to show a red light for an unreasonable time;
- (C) The traffic signal is apparently malfunctioning or, if programmed or engineered to change to a green light only after detecting the approach of a motor vehicle, the signal has apparently failed to detect the arrival of the motorcycle; and

FISCAL DESCRIPTION (continued)

(D) No motor vehicle or person is approaching on the street or highway to be crossed or entered or is so far away from the intersection that it does not constitute an immediate hazard.

The affirmative defense applies only to a violation for entering or crossing an intersection controlled by a traffic-control signal against a red light and does not provide a defense to any other civil or criminal action.

VESSEL DEFINITION (Section 306.010);

Excludes watercraft that is propelled by a single 12-volt battery from the definition of a vessel.

DELINQUENT FEES FOR LATE REGISTRATION OF VESSEL (306.015 & 306.016);

Increases the delinquent fees for late registration of a vessel or documented vessel.

DELINQUENT FEES FOR LATE REGISTRATION OF OUTBOARD MOTOR (306.535);

Increases the delinquent fees for late registration of an outboard motor.

PENALTIES FOR VIOLATIONS OF MOTOR VEHICLE LICENSING, REGISTRATION, AND EQUIPMENT STATUTES;

Changes the penalties for violations as follows:

- (A) Failure to secure truck load violations are punished as infractions rather than class C misdemeanors. (Section 307.010)
- (B) The punishment for a mud flap violation is changed from a Class B misdemeanor to an infraction. (Section 307.015)
- (C) The punishment for a spotlight violation is changed from a Class C misdemeanor to an infraction. (Section 307.090)
- (D) The violations of certain motor vehicle lighting regulations shall be punishable as infractions rather than misdemeanors. (Section 307.120)
- (E) The punishment for improperly lighting or marking an animal-driven vehicle is changed from a Class C misdemeanor to an infraction. (Section 307.125)
- (F) The punishment for certain motor vehicle safety glass violations is changed from a Class C misdemeanor to an infraction. (Section 307.155)
- (G) The punishment for altering the front or rear of a motor vehicle or operating a motor vehicle without proper bumpers is changed from a Class C misdemeanor to an infraction. (Section 307.172)
- (H) The punishment for a window tinting violation is changed from a Class C misdemeanor to an infraction. (Section 307.173)

FISCAL DESCRIPTION (continued)

(I) The punishment for operating a motorized bicycle without a license or operating a motorized bicycle upon an interstate highway is changed from a Class C misdemeanor to an infraction.

(Section 307.195)

(J) The punishment for an ATV equipment violation is changed from a Class C misdemeanor to an infraction. (Section 307.198)

(K) The punishment for violating certain motor vehicle inspection station regulations is changed from a misdemeanor to a Class C misdemeanor. (Section 307.365)

(L) The punishment for school bus inspection violations is changed from a misdemeanor to a Class C misdemeanor. (Section 307.375)

(M) The punishment for violating Missouri's motor vehicle safety inspection regulations is changed from a misdemeanor to an infraction. (Section 307.390)

(N) The punishment for violating certain commercial motor vehicle regulations is changed from a Class B misdemeanor to an infraction. (Section 307.400)

(O) For an infraction, all court costs, fees, surcharges, and other charges shall be assessed in the same manner and amount as for a misdemeanor. (Section 488.006)

(P) An offense is an infraction if it is designated as one, or if a violation can result only in a fine, forfeiture, or other civil penalty. A determination of whether an infraction has occurred shall be made by the filing of a civil action. The action shall be filed by a person who is authorized to bring a criminal action or an action to enforce an ordinance. The action will be brought in the name of the state or the appropriate political subdivision. An infraction violation shall be proved by a preponderance of the evidence but shall not be tried by a jury. If an infraction violation is proven, judgment shall be entered for the plaintiff.

MOTORCYCLE HEADLAMP MODULATORS (Section 307.100);

Allows a motorcycle headlamp to be wired or equipped to allow either its upper beam or its lower beam, but not both, to modulate from a higher intensity to a lower intensity at a rate of modulation of 200 to 280 cycles per minute. A headlamp modulator installed on a motorcycle with two headlamps shall be wired in a manner to prevent the headlamps from modulating at different rates or not in synchronization with each other. A headlamp modulator installed on a motorcycle shall meet the standards prescribed by federal law.

SCHOOL BUS EXEMPTION FROM CHILD PASSENGER RESTRAINT LAW (307.179);

Provides that the child passenger restraint law shall not apply to school buses transporting children 4 years of age or older regardless whether such buses are being used for educational, religious or other purposes. The current exemption only applies to school buses used for educational purposes. This portion of the bill contains an emergency clause.

FISCAL DESCRIPTION (continued)

MOTOR VEHICLE INSURANCE (Section 379.204);

Currently, any person carrying underinsured motor vehicle coverage with liability limits of less than two times the minimum required limits for bodily injury or death is considered to provide excess liability coverage against any underinsured motor vehicle involved in the accident. Property damage is added to the excess liability provision.

SERVICE CONTRACTS (Sections 385.200 - 385.220), (Sections 385.300 - 385.320) and repeal of Sections 407.1200 - 407.1227;

Changes laws regarding service contracts:

Motor Vehicle Service Contracts

The substitute changes the laws regarding service contracts:

- (A) Defines "fronting company" as a dealer that authorizes a third-party administrator or provider to use its name or business to evade or circumvent a sale, an offer for sale, or a solicitation of a sale of a service contract to a consumer;
- (B) Allows only motor vehicle dealers and manufacturers, boat dealers, federally insured depository institutions, and licensed lenders to market or sell motor vehicle extended service contracts;
- (C) Prohibits a dealer from acting as a fronting company; and
- (D) Creates penalties for a violation of these provisions.

Product Service Contracts

The substitute changes the laws regarding service contracts:

- (A) Prohibits any person from issuing or selling a product service contract without registering and paying a fee with the Director of the Department of Insurance, Financial Institutions, and Professional Registration;
- (B) Requires providers of service contracts to maintain at least one of the following:
 - (a) A funded reserve account of at least 40% of gross consideration received less claims paid;
 - (b) A financial security deposit with the department director of at least 5% of the gross consideration received less claims paid;
 - (c) A net worth of \$100 million; or
 - (d) A reimbursement insurance policy covering 100% of the service contract obligations;

FISCAL DESCRIPTION (continued)

(C) Prohibits provider fees collected from being subject to premium taxes and exempts the person selling the contract from other state licensing laws if all requirements are met;

(D) Requires providers of service contracts to furnish a written statement to the consumer specifying their obligations and conveying terms and restrictions. Misleading advertising is prohibited;

(E) Requires providers of service contracts to maintain accurate records of every transaction for a period of at least three years after the specified period of coverage has expired. Records must be made available to the department upon request;

(F) Prohibits insurers who issue reimbursement insurance policies from terminating a policy without notifying the director. Insurers have the right to seek indemnification against a provider if the insurer pays amounts under the service contract that the provider was obligated to pay; and

(G) Creates penalties for a violation of the provisions of the substitute.

This portion of the substitute becomes effective January 1, 2008.

Vehicle Protection Product Sales

A person is prohibited from selling or offering for sale a vehicle protection product in Missouri unless the seller, warrantor, and any administrator comply with the provisions of the proposed bill. A vehicle protection product warrantor, a seller of a vehicle protection product, or a warranty administrator that complies with the bill shall not be subject to any other provisions of the state insurance code. This bill applies to all warranted products sold or offered for sale on or after January 1, 2008.

Registration and Filing Requirements of Warrantors

A person could not act as a warrantor or represent to the public that the person is a warrantor without registering with the Department of Insurance. A warrantor shall file warrantor registration records annually and update them within 30 days of any change. The department shall make information regarding the warrantor's name and the name and address of its designated agent for service of process available to the public.

The department may charge each registrant a reasonable fee not to exceed \$500 per year to offset the cost of processing a registration and maintaining the records. If a registrant fails to register by the renewal deadline, the department shall give the registrant written notice of the failure and

FISCAL DESCRIPTION (continued)

the registrant will have 30 days to complete the renewal before being suspended from acting as a warrantor in Missouri.

Financial Responsibility

No vehicle protection product may be sold or offered for sale in Missouri unless the vehicle protection product warrantor acquires insurance under a warranty reimbursement insurance policy or maintains a net worth or stockholder's equity of \$50 million.

Warranty Reimbursement Policy Requirements

The warranty reimbursement policy must provide that the insurer would reimburse or pay on behalf of the warrantor all covered sums that the warrantor was legally obligated to pay or would provide all services the warrantor was legally obligated to perform according to the warrantor's contractual obligations under its vehicle protection product warranty. The policy must provide that, if payment due under the warranty were not provided by the warrantor within 60 days after the warranty holder filed proof of loss according to the terms of the warranty, the warranty holder may file proof of loss directly with the warranty reimbursement insurance company for reimbursement. The policy must provide that the premium for the policy would be considered paid if the warranty holder paid for the warranted product and the insurer's liability under the policy shall not be reduced or relieved by a failure of the warrantor, for any reason, to report the issuance of a warranty to the insurer.

Disclosure to Warranty Holder

A person could not sell or offer for sale in Missouri a warranted product unless the warranty on the warranty is written in clear, understandable language and was printed or typed in easy-to-read type, size, and style. The warranty shall state that the obligations of the warrantor to the warranty holder are guaranteed under a warranty reimbursement insurance policy or are backed by the warrantor's net assets. The warranty must state that, if a warranty holder must make a claim against a party other than the warrantor, the warranty holder is entitled to make a direct claim against the warranty reimbursement insurer upon the failure of the warrantor to pay any claim or meet any obligation under the terms of the warranty within 60 days after proof of loss was filed with the warrantor.

Warranty Cancellation

The bill prohibits a person from selling or offering for sale a vehicle protection product warranty unless it clearly states the terms and conditions governing the cancellation of the sale and warranty. A warrantor may cancel a warranty only if the warranty holder fails to pay for the warranted product; makes a material misrepresentation to the seller or warrantor; commits fraud; or substantially breaches the warranty holder's duties under the warranty. A warrantor canceling

FISCAL DESCRIPTION (continued)

a warranty shall mail written notice of cancellation to the warranty holder at his or her last known address in the warrantor's records at least 30 days before the effective date of a cancellation. The notice shall state the effective date of the cancellation and the reason for it.

Prohibited Acts

Unless licensed as an insurance company, a vehicle protection product warrantor could not use in its name, contracts, or literature the word "insurance", "casualty", "surety", or "mutual" or any other words descriptive of the insurance, casualty, or surety business. A warrantor also may not use any name or words in its name that were deceptively similar to the name or description of any insurer or surety or any other vehicle protection product warrantor. A vehicle protection product seller or warrantor may not require as a condition of financing that a retail purchaser of a motor vehicle purchase a vehicle protection product.

Record Keeping

A vehicle protection product warrantor must prepare and retain accurate accounts, books, and records concerning transactions regulated under this portion of the substitute for at least 3 years after the specified period of coverage had expired. A warrantor discontinuing business must maintain its records until it furnished the department satisfactory proof that it had discharged all obligations to warranty holders in Missouri. A warrantor would have to make its accounts, books, and records available to department for the purpose of examination.

Sanctions/Administrative Penalties

The department may conduct examinations of warrantors, administrators, or other people to enforce the proposed substitute and protect warranty holders in Missouri. The department may take any action that is necessary or appropriate to enforce the bill and rules and orders to protect warranty holders in Missouri.

This portion of the substitute has an effective date of January 1, 2008. (Sections 385.400, 385.403, 385.406, 385.409, 385.412, 385.415, 385.418, 385.421, 385.424, 385.427, 385.430, 385.433, & 385.436)

HOUSEHOLD GOOD MOVERS (Sections 387.075 & 390.030)

Allows common household goods common carriers to file applications to the State Highways and Transportation Commission for approval of rates to reflect increases and decreases in the carrier's costs. The filing of the applications will be made in such form as the commission determines and governed by similar rules to those that govern rate adjustments requested by electrical gas or water companies. (Section 387.075)

FISCAL DESCRIPTION (continued)

The exemption that currently allows intrastate household goods movers to operate wholly in municipalities, between contiguous municipalities, or commercial zones without having to obtain MoDOT operating authority is repealed beginning January 1, 2008. Currently, household movers are exempt from the rules and regulations of Chapter 390, RSMo, if their operations are restricted to those described areas. (Section 390.030)

MOTOR CARRIER TRANSPORTATION INDEMNITY PROVISIONS (390.372);

Makes indemnity agreements in motor carrier transportation contracts which purport to indemnify a party against loss from negligence or intentional acts void and unenforceable. Motor carrier transportation contracts shall not include Uniform Intermodal Interchange and Facilities Access Agreements.

UNIFIED CARRIER REGISTRATION (Section 390.021);

Authorizes the State Highways and Transportation Commission to take the necessary steps to implement and administer a state plan to conform with the Unified Carrier Registration Act (UCR Act) of 2005. The UCR Act includes provisions to eliminate the Single State Registration System (SSRS) by January 2007 and replace it with the Unified Carrier Registration (UCR) Agreement.

The commission may submit to the proper federal authorities, amend and carry out a state plan to qualify as a base-state and to participate in the UCR plan and administer the UCR Agreement. The commission is authorized to administer the UCR registration of Missouri domiciled motor carriers, motor private carriers, brokers, freight forwarders, and leasing companies, and persons domiciled in non-participating states who have designated Missouri as their base-state under the UCR Act. The commission is further authorized to receive, collect, process, deposit, transfer, distribute, and refund UCR registration fees. The commission is also authorized to enter into agreements with any U.S. agencies.

Every motor carrier, motor private carrier, broker, freight forwarder, and leasing company that has its principal place of business within Missouri, and every such person who has designated this state as the person's base-state under the provisions of the UCR Act, shall timely complete and file with the commission all the forms required by the UCR agreement and the UCR implementing regulations, and pay the required UCR registration fees to the commission.

The bill specifically provides that implementing the UCR Act shall not be construed as exempting any motor carrier or any person controlled by a motor carrier, from any of the requirements of Chapter 622 or Chapter 390.

FISCAL DESCRIPTION (continued)

The bill also repeals the section pertaining to the issuance of interstate motor carrier permits and the section relating to the single state registration system.

VEHICLE LICENSE FEES (Sections 407.730 & 407.032);

Defines vehicle license fees to include car rental costs of license, title, inspect, register, plate, and pay personal property taxes on rental vehicles and allows those fees and airport fees to be passed on to customers if clearly disclosed on rental agreement.

MOTOR VEHICLE FRANCHISE PRACTICES (Section 407.815);

Revises the definition of "motor vehicle" as it relates to motor vehicle franchise practices to include any engine, transmission, or rear axle manufactured for installation in a commercial motor vehicle with a gross vehicle weight rating over 16,000 pounds.

COMPARATIVE NEGLIGENCE FOR MOTORCYCLES (Section 537.055);

Provides that operating a motorcycle, in and of itself, shall not be considered evidence of comparative negligence.

LAW ENFORCEMENT OFFICER SIGNALS (Section 556.021);

Requires any driver to stop on signal of any law enforcement officer and to obey any reasonable signals of such officer given in the course of enforcing any infraction. Any person who fails or refuses to obey any such signal or who resists an officer while enforcing any infraction, shall be guilty of a Class A misdemeanor.

LEAVING A CHILD IN A MOTOR VEHICLE (Section 568.052);

Creates the crime of leaving a child unattended in a motor vehicle in the third degree. The offense is committed when a child 10 years of age or younger is left unattended in a motor vehicle and the child's health or safety is at risk, the engine is running, or the keys are anywhere in the passenger compartment of the vehicle. The offense will be a class C misdemeanor.

NON-ALCOHOLIC SWAB (Section 577.029);

Removes the requirement that when blood is drawn for analysis of alcohol content, a non-alcoholic swab will be used.

ARREST WITHOUT WARRANT FOR DWI & BAC (Section 577.039);

Provides that a law enforcement officer may make an arrest without a warrant for a DWI or BAC violation without the offense having occurred in the officer's presence if the officer has probable

FISCAL DESCRIPTION (continued)

cause and the arrest is made within 90 minutes after the violation occurred. The one and one-half restriction is removed.

This proposal contains a partial emergency clause.

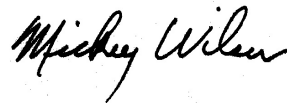
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Department of Revenue
Office of the State Treasurer
Department of Higher Education
Joint Committee on Public Employee Retirement
Office of the State Auditor
Department of Economic Development
Office of the Lieutenant Governor
Department of Labor and Industrial Relations
Department of Conservation
Office of the State Courts Administrator
Missouri Consolidated Health Care Plan
Office of Prosecution Services
State Tax Commission
Missouri Senate
Office of the State Public Defender
Department of Elementary and Secondary Education
Missouri Gaming Commission
Lottery Commission
Office of the Secretary of State
Department of Mental Health
Missouri House of Representatives
Department of Corrections
Department of Natural Resources
Department of Agriculture
Department of Transportation
Department of Health and Senior Services
Office of Administration

SOURCES OF INFORMATION (continued)

Department of Social Services
Office of the Attorney General
Missouri Ethics Commission
Department of Insurance, Financial Institutions and Professional Registration
City of Kansas City
City of Centralia
St. Louis County
City of Springfield
Parkway School District
Francis Howell School District
Jefferson City School District
Fair Grove School District
Boone County Sheriff's Office



Mickey Wilson, CPA
Director
April 24, 2007