

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2148-01  
Bill No.: SB 479  
Subject: Motor Vehicles; Highway Patrol; Revenue Department; Transportation; Buses;  
 Licenses - Motor Vehicles  
Type: Original  
Date: February 27, 2007

Bill Summary: This proposal repeals the motor vehicle safety inspection program except for school buses, beginning January 1, 2008.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$3,032)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$3,032)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Highway	(Up to \$2,442,678)	(Up to \$3,039,720)	(Up to \$3,294,441)
Highway Patrol Inspection *	(\$742,500)	(\$1,485,000)	(\$1,485,000)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Up to \$3,185,178)</b>	<b>(Up to \$4,524,720)</b>	<b>(Up to \$4,779,441)</b>

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 9 pages.

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

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

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

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

Therefore, there would be a net loss to the Highway fund of approximately \$3,015,000 (\$4.5 million x 67%) each year and a net loss of an additional \$1,485,000 (approximately) to the Highway Patrol Inspection fund, however, since the \$1,485,000 is transferred biennially to the Road fund, MODOT would be responsible for reporting this loss of revenue.

The Information Systems Division assumes the following proposed workflow solution:

A field officer, as part of the SHP 37 process would indicate vehicle defect. The SHP 37 process would "call" a "Vehicle Defect" module, which would populate the form with the exception of the actual noted defect.

The module would print a bar-coded document, which would be given to the vehicle driver with a bar code identification number related to this incident.

The vehicle would be inspected and defect(s) corrected. The inspecting/correcting mechanic would indicate the defect was corrected on the printed document.

The vehicle owner would provide a member of the Patrol with the document, the member would pass the existing hand held bar-code scanner over the document which would retrieve the "vehicle defect" record from the data base and indicate the correction had transpired. Incident closed. However, if the vehicle driver does not submit the document within the specified time frame (30 days), the system to be developed would automatically electronically be submitted to the Department of Revenue for further action.

Equipment & Supply costs for year one: (there are 800 patrol cars)	
800 Zebra RW 420 Thermal Printers at \$900	720,000 (One Time)
12 rolls of thermal paper per car x 800 at \$30 each	<u>24,000 (Recurring)</u>
 Total Estimated equipment and supply costs	 \$744,000

ASSUMPTION (continued)

It is assumed that an entirely new application would be to be designed, developed, tested and implemented. The assumed system will likely be a module of the SHP 37 form, which will have to be modified to meet the proposed legislation's requirements.

It is estimated that this project would take 2,451 hours at the contractor rate of \$78 per hour = \$191,178 (One Time).

This estimate is based upon the assumption that every Patrol vehicle (800) would have to be equipped with a bar-code printer to issue the "Vehicle Defect" incident paperwork, which would be used at the inspection station to indicate that the defect was corrected, which in turn would be used by Patrol personnel to access the "defect" data record and change the status to indicate correction.

It is estimated that the in-vehicle printers will have a serviceable life of approximately two to three years.

Estimated on-going equipment costs are 266 units per year (which is one third of the 800 printers replaced every year starting in year three) x \$900 (cost of thermal printer) = \$239,400 (Recurring).

In response to a similar proposal from this year (SB 17), officials from the **Department of Transportation (MoDOT)** assumed they would lose approximately \$4.4 million annually if the inspection fee is eliminated. We received \$3 million directly each year and \$2.8 million biennially from the Highway Patrol Inspection Fund.

Officials from the **Department of Revenue (DOR)** state they will need to:

- revise procedures, titling manual, websites, etc., and
- note safety inspection elimination on the Imagitas renewal notices and have the renewal print program revised to exempt vehicles from a safety inspection.
- dealers will need notified about the elimination of the safety inspection/these provisions at a cost of \$3,032.
- suspend an unknown number for registrations each year due to vehicle owners failing to comply with vehicle repairs identified by MSHP, generate corresponding suspension notices and process related reinstatements.
- revise TRIPS, MORE, and the motor vehicle renewal print program to eliminate the safety inspection requirement on renewals/registrations and to allow two-year registrations regardless of the model year (even/odd issue) of the vehicle.
- revise the GRS registration program to accommodate a new

ASSUMPTION (continued)

suspension/reinstatement code and generate suspension notices. TRIPS must also recognize the suspension code and be able to process the reinstatement/account for reinstatement fees.

- eliminate the ID/OD requirement in TRIPS.

The amount of FTE needs to perform these tasks and related funding and notification expenses are unknown.

OA-INFORMATION TECHNOLOGY-IT

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

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

**Oversight** will assume DOR will be able to administer the changes in this proposal with existing resources. Oversight assumes if volume of suspensions and reinstatements is larger than anticipated, DOR can request additional FTE through the budget process.

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

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

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

ASSUMPTION (continued)

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. 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.

Officials from the **Department of Elementary and Secondary Education (DESE)** state the proposal has the following impact to their agency:

Repealing safety inspection requirement

DESE owned 145 vehicles as of 12/31/2006. Of those 145 vehicles, 50 are buses and would not be impacted by this proposal. The remaining 95 would no longer be subject to biennial inspections and the resulting \$12 fee. Based on the 12/31/2006 vehicle count, the annualized positive impact on DESE funds equals \$570 (95 vehicles x \$6 per year). DESE's vehicle fleet will expand by 16 vehicles during FY 2008; therefore, the annualized positive impact on DESE funds will increase by another \$96 during FY 2008 to \$666 (\$570 + \$96).

Fines and Penalties

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

The proposal has an effective date of January 1, 2008; therefore, **Oversight** will assume six months of fiscal impact in fiscal year 2008.

**Oversight** will assume an unknown amount of reinstatement fee revenue (from Section 307.383.3) would be collected annually from the Department of Revenue. DOR stated the reinstatement fee revenue would be allocated between the state's Highway Fund (75%), cities (15%) and counties (10%). Oversight will assume the amount of reinstatement fee revenue

ASSUMPTION (continued)

collected into the Highway Fund will not be enough to offset the loss of revenue from the elimination for the inspection program and the additional costs to the MHP to administer this program.

**This proposal could reduce Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2008 (6 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> - Department of Revenue			
Notification mailing	( <u>\$3,032</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(\$3,032)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <b>HIGHWAY FUND</b>			
<u>Income</u> - 75 percent of \$20 reinstatement fee (307.383.3)	Unknown	Unknown	Unknown
<u>Costs</u> - Highway Patrol			
Expense and Equipment	(\$744,000)	(\$24,720)	(\$279,441)
Contractor programming	( <u>\$191,178</u> )	<u>\$0</u>	<u>\$0</u>
<u>Total Costs</u> - Highway Patrol	(\$935,178)	(\$24,720)	(\$279,441)
 <u>Loss</u> - Department of Transportation			
Fees associated with the elimination of vehicle inspections	( <u>\$1,507,500</u> )	( <u>\$3,015,000</u> )	( <u>\$3,015,000</u> )
<b>ESTIMATED NET EFFECT TO THE HIGHWAY FUND</b>	<b><u>(Up to \$2,442,678)</u></b>	<b><u>(Up to \$3,039,720)</u></b>	<b><u>(Up to \$3,294,441)</u></b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2008 (6 Mo.)	FY 2009	FY 2010
<b>HIGHWAY PATROL INSPECTION FUND</b>			
<u>Loss</u> - Highway Patrol / Department of Transportation			
Fees associated with the elimination of vehicle inspections	<u>(\$742,500)</u>	<u>(\$1,485,000)</u>	<u>(\$1,485,000)</u>
<b>ESTIMATED NET EFFECT TO THE HIGHWAY PATROL INSPECTION FUND*</b>	<b><u>(\$742,500)</u></b>	<b><u>(\$1,485,000)</u></b>	<b><u>(\$1,485,000)</u></b>

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

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (6 Mo.)	FY 2009	FY 2010
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - Cities - 15 percent of the \$20 reinstatement fee (Section 307.383.3)	Unknown	Unknown	Unknown
<u>Income</u> - Counties - 10 percent of the \$20 reinstatement fee (Section 307.383.3)	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>

FISCAL IMPACT - Small Business

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



### FISCAL DESCRIPTION

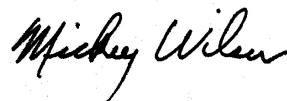
This proposal repeals the motor vehicle safety inspection program effective January 1, 2008. The safety inspection remains in place for school buses and such inspections will be conducted by the highway patrol or by any entity approved by the highway patrol. This act authorizes the Highway Patrol to stop motor vehicles and submit to an inspection if the officer determines that the motor vehicle is being operated in an unsafe condition and is an endangerment to the driver and others. The act requires the driver to have the motor vehicle repaired and obtain a safety inspection certificate within 10 days and report such fact to the highway patrol. If the owner or operator of the motor vehicle does not forward a copy of the certificate within 30 days, the Department of Revenue is authorized to suspend the registration of the motor vehicle.

The act also requires the director of the department of revenue to provide motor vehicle owners the option of biennially registering their vehicle regardless whether the vehicle is an even-numbered model year number or an odd-numbered model year vehicle.

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 Elementary and Secondary Education  
Department of Public Safety  
Department of Revenue  
Office of the Secretary of State  
Office of the State Courts Administrator  
Office of Prosecution Services  
Department of Transportation



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Director  
February 27, 2007