

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4251-05
Bill No.: HCS for SCS for SBs 930 & 947
Subject: Transportation; Transportation Department; Aircraft and Airports
Type: Original
Date: April 24, 2008

Bill Summary: This proposal removes cap on amount of aviation generated revenue that may be deposited in state aviation trust fund and expands purposes for which moneys in the aviation trust fund may be used.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| General Revenue | (Unknown greater than \$798,757) | (Unknown greater than \$987,397) | (Unknown greater than \$1,016,525) |
| Total Estimated Net Effect on General Revenue Fund | (Unknown greater than \$798,757) | (Unknown greater than \$987,397) | (Unknown greater than \$1,016,525) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|--|--|--|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| Aviation Fund | Unknown expected to exceed \$100,000 | Unknown expected to exceed \$100,000 | Unknown expected to exceed \$100,000 |
| Highway Funds | (\$213,240) | (\$159,448) | (\$163,781) |
| Highway Patrol Academy | \$0 | \$0 | \$0 |
| Total Estimated Net Effect on <u>Other</u> State Funds | Unknown expected to exceed \$100,000 to (\$213,240) | Unknown expected to exceed \$100,000 to (\$159,448) | Unknown expected to exceed \$100,000 to (\$163,781) |

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 11 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

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

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

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| Local Government | (Unknown greater than \$5,382) | (Unknown greater than \$5,382) | (Unknown greater than \$5,382) |

FISCAL ANALYSIS

ASSUMPTION

Section 144.030

Officials at the Division of **Budget and Planning (BAP)** assume the proposed legislation should not result in additional costs or savings to BAP. This proposal creates a sales tax exemption for materials, parts, and equipment purchased for use directly upon, and for the modification, replacement, repair, and maintenance of aircraft, aircraft power plants, and aircraft accessories, waives renewal fees for various types of license renewals & school bus endorsements, and various other provisions that will result in a fiscal impact to the state. This proposal will reduce general and total state revenues and local funds by an unknown amount.

Section 144.805

Officials at the **Missouri Department of Transportation** assume that with an effective date of January 1, 2009 and based on historic receipts of jet fuel sales tax receipts and growth rates from the US Department of Energy and some carriers requesting refunds of overpayments that the Aviation Fund would have an increase of any revenue currently above the cap.

Oversight assumes this proposal is removing the cap in the aviation trust fund. General Revenue could lose any money collected over the preexisting cap while the Aviation Fund could retain all the additional funds. For the purposes of this note the loss to General Revenue and the gain to the Aviation Fund is shown as "unknown expected to exceed \$100,000" based on the past collections over the preexisting cap in the fund.

Section 340.230

Officials at the **Missouri Highway Patrol (MHP)** assume state the proposed legislation would require the conversion of current commercial vehicle officers (CVOs) to peace officers by July 1, 2012. The MHP assumes the training would be scheduled over a 4-year period (FY 2009 through FY 2012). In FY 2013, there would no longer be any fiscal impact.

The Academy normally gets reimbursed from Commercial Vehicle Enforcement (CVE) for the cost of providing training at a rate of \$55 per day per student. The 600 hours mandated by this legislation would be the equivalent of 15 weeks of training (600 hours / 40 hours per week = 15 weeks). This would mean a cost of \$4,125 per student for the 15 weeks of training (\$55 per day x 15 weeks x 5 days per week = \$4,125). The total cost would be \$140,250 in FY 2009 (34 students x \$4,125 per student = \$140,250).

To pay for this training, the Academy bills the CVE Division, and money is transferred from the Highway fund to the Highway Patrol Academy fund.

ASSUMPTION (continued)

Also, this bill would require newly hired CVO's to extend their training from the current 12 weeks to a minimum of 21 weeks in order to complete the 600 hour POST curriculum and specialized training. The extra 9 weeks of training will have an impact on the Academy and CVE as far as housing, meals, and classroom space costs. There is no way to estimate how many new CVO's will be trained in the near future, so this additional cost cannot be estimated; however, it will be \$2,475 per student (\$55 per day x 9 weeks x 5 days per week = \$2,475).

Oversight assumes the Highway Patrol Academy fund will incur additional expenses from training the pool of CVO's. Oversight also assumes the transfer in from the Highway Funds and the increase in expenses from the training would net to zero.

Section 577.023

Officials at the **Missouri Highway Patrol** assume this legislation states that MULES will be searched for intoxication-related traffic offenses. However, MULES is not currently designed to access databases that include this information. The Patrol would have to create new queries to access databases outside of MULES. A consultant would need to be hired, and this would require 480 hours of work to develop these new queries, at a cost of \$100 per hour. This would be a total of \$48,000(480 hours x \$100 per hour) to the Highway Fund.

Various Sections

Officials at the **Department of Revenue** (DOR) assume the following costs due to the various provisions of this legislation:

Currently all renewal notices are printed utilizing a professional flyer that uses color to distinguish pertinent information to Missouri citizens about the vehicle renewal registrations. The information contained in these color sections specifically indicate the requirements for renewal and what needs to be submitted for compliance. In addition, the notice allows for opportunity to highlight public safety issues and law changes. The department will incur the following impact to ensure that the quality of renewal notices to Missouri citizens is maintained.

Incur all forms and printing/envelope costs.

Additional postage costs for 3.4 million renewal notices each year. DOR only pays \$.191 per renewal notice for postage because this is at the postcard rate.

Incur maintenance costs for the machine that inserts/folds the renewals in the Mail Service Center at \$45,000 each year.

These expenses are \$793,000 in FY 2009, \$970,878 in FY 2010, and \$1,000,006 in FY 2011. All other forms, printing, and envelope costs are paid for by the vendor in accordance with the contract, in return for DOR allowing advertising to be included with the notices.

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ASSUMPTION (continued)

DLB assumes the commercial and non-commercial driver guide in hardcopy will be modified upon next re-order thus destruction and re-printing costs would be absorbed.

These changes will require an Over the Counter license system program change
Modification to office procedures
Modifications to printed and web-based forms referencing license fees.

This legislation will require programming changes to the Missouri Electronic Driver License (MEDL also referred to as Over the Counter-OTC) software and supporting applications. These programming changes will need to be designed and tested.

DLB for FY2009

| | |
|----------------|--|
| 100 | Estimated hours for project completion (requirements and system testing) |
| <u>X \$100</u> | Hourly rate for an OTC contractor |
| \$10,000 | |

There are 7,000 apportioned plates transferred each year that would require a new/ reissued plate. DOR would see a total cost savings in FY 2009 in the amount of \$107,086 due to the exemption set in section 301.130.9 from the re-issuance of 77,040 (as of September 2007) apportioned plates at a cost of \$1.39 per plate.

There will also be a revenue loss for FY 2009 in the amount of \$107,086 to the highway fund since the department will not be collecting the re-issuance fee for the 77,040 apportioned plates this proposal exempts. Additionally, in FY 2010 and 2011 the department would see both a revenue increase at \$1.39 per plate for re-issuance and a cost to the highway fund in the amount of \$9,730 for the 7,000 apportioned plates that would need to be issued because of a transferred registration.

Section 302.735 requires DOR to grant waivers of commercial license renewal fees for applicants 70 and over renewing a school bus endorsement. Total estimated annual loss of one-year license renewal fees for license holders (all classes) over 70 years of age with an S endorsement = \$4,612.50.

ASSUMPTION (continued)

| | |
|---|-------------------|
| Total S endorsement holders age 70 and over – | 615 |
| One-year renewal fee commercial classes | x \$7.50 |
| | <u>\$4,612.50</u> |

The bureau does not have an available report which separates, Class A,B,C and E license holders with an S endorsement by age. Therefore the fiscal impact estimate above was determined using the higher cost of the one-year commercial class license with S endorsement. The cost of a one-year Class E license with S endorsement is \$5.00

Reduction in state revenue = \$15,375.00

Determined by:

| | |
|--|--------------------|
| Total school bus endorsement holders age 70 and over = | 615 |
| Total commercial skills examination fee | x \$25.00 |
| | <u>\$15,375.00</u> |

In addition to the loss of highway funds for transaction fees waived the department would still be required to pay the license vendor the per document cost of \$1.86 out of the departments budget funded by general revenue. Therefore there would be a loss of approximately \$1,144 annually to cover the vendor per document cost of the licenses issued where fees were waived.

Officials at the **Office of Administration Information Technology** (ITSD DOR) estimates that this legislation could be implemented utilizing 4 existing CIT III's for 1 month and 3 existing CIT III's for 4 months at a rate of \$ 4,186. 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.

Officials at the **Department of Elementary and Secondary Education** assume 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.

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ASSUMPTION (continued)

Officials at the **City of Centralia, City of Columbia, Department of Economic Development, Office of the State Courts Administrator** and the **Office of Prosecution Services** assume that there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

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.

| <u>FISCAL IMPACT - State Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---|---|---|
| GENERAL REVENUE | | | |
| <u>Loss</u> - General Revenue | | | |
| Aviation jet fuel tax | (Unknown expected to exceed \$100,000) | (Unknown expected to exceed \$100,000) | (Unknown expected to exceed \$100,000) |
| <u>Loss</u> - Sales Tax Exemption | (Unknown) | (Unknown) | (Unknown) |
| <u>Cost</u> - Department of Revenue renewal notice | (\$793,000) | (\$970,878) | (\$1,000,006) |
| <u>Cost</u> - Department of Revenue vendor license fee | (\$1,144) | (\$1,144) | (\$1,144) |
| <u>Cost</u> -Department of Revenue 70 yr old waiver | (\$4,613) | (\$15,375) | (\$15,375) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(Unknown greater than \$798,757)</u> | <u>(Unknown greater than \$987,397)</u> | <u>(Unknown greater than \$1,016,525)</u> |
| AVIATION FUND | | | |
| <u>Revenue</u> - Department of Transportation | | | |
| Aviation jet fuel tax | <u>Unknown expected to exceed \$100,000</u> | <u>Unknown expected to exceed \$100,000</u> | <u>Unknown expected to exceed \$100,000</u> |
| ESTIMATED NET EFFECT ON AVIATION FUND | <u>Unknown expected to exceed \$100,000</u> | <u>Unknown expected to exceed \$100,000</u> | <u>Unknown expected to exceed \$100,000</u> |

HIGHWAY FUND

Transfer Out - to the Missouri Highway Patrol Academy Fund

| | | | |
|---|-------------|-------------|-------------|
| Training for vehicle enforcement officers to meet new 600 hour standard | (\$140,250) | (\$144,458) | (\$148,791) |
|---|-------------|-------------|-------------|

Cost - Missouri Highway Patrol Computer Modifications

| | | |
|------------|-----|-----|
| (\$48,000) | \$0 | \$0 |
|------------|-----|-----|

Cost- Department of Revenue computer modifications

| | | |
|------------|-----|-----|
| (\$10,000) | \$0 | \$0 |
|------------|-----|-----|

Savings - Department of Revenue apportioned plate savings

| | | |
|-----------|-----|-----|
| \$107,086 | \$0 | \$0 |
|-----------|-----|-----|

Loss- Department of Revenue plate collection fee loss

| | | |
|-------------|-----|-----|
| (\$107,086) | \$0 | \$0 |
|-------------|-----|-----|

Cost - Department of Revenue apportioned plates costs

| | | |
|-----|-----------|-----------|
| \$0 | (\$9,730) | (\$9,730) |
|-----|-----------|-----------|

Revenue - Department of Revenue apportioned plate revenue

| | | |
|-----|---------|---------|
| \$0 | \$9,730 | \$9,730 |
|-----|---------|---------|

Loss - Hwy Fund

| | | | |
|---------------------------|------------|------------|------------|
| waived license fee & exam | (\$14,990) | (\$14,990) | (\$14,990) |
|---------------------------|------------|------------|------------|

ESTIMATED NET EFFECT TO THE HIGHWAY FUND

| | | |
|---------------------------|---------------------------|---------------------------|
| <u>(\$213,240)</u> | <u>(\$159,448)</u> | <u>(\$163,781)</u> |
|---------------------------|---------------------------|---------------------------|

HIGHWAY PATROL ACADEMY

| | | | |
|---|--------------------|--------------------|--------------------|
| <u>Transfer In</u> - from Highway Fund | \$140,250 | \$144,458 | \$148,791 |
| <u>Costs</u> - Missouri Highway Patrol To train 135 Commercial Vehicle Officers to POST standards | <u>(\$140,250)</u> | <u>(\$144,458)</u> | <u>(\$148,791)</u> |

ESTIMATED NET EFFECT TO THE HIGHWAY PATROL ACADEMY FUND

\$0 **\$0** **\$0**

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---------------------|---------|---------|

LOCAL GOVERNMENT FUNDS

| | | | |
|--|------------------|------------------|------------------|
| <u>Loss</u> - Sales Tax Exemption | (Unknown) | (Unknown) | (Unknown) |
| <u>Loss</u> - Cities and Counties waived license fee & exam | <u>(\$5,382)</u> | <u>(\$5,382)</u> | <u>(\$5,382)</u> |

ESTIMATED NET EFFECT ON LOCAL GOVERNMENT FUNDS

**(Unknown
greater than
\$5,382)** **(Unknown
greater than
\$5,382)** **(Unknown
greater than
\$5,382)**

FISCAL IMPACT - Small Business

Having an adequate local airport is an important part of a community's economic development package used to attract and retain business and industry.

FISCAL DESCRIPTION

This act removes the cap on the amount of jet fuels sales taxes that can be deposited into the State Aviation Trust Fund. Under current law, only \$6 million generated from jet fuel sales taxes may deposited to the credit of the Aviation Trust Fund (Section 144.805).

This act allows \$2 million from the Aviation Trust Fund to be used for the study or promotion of

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FISCAL DESCRIPTION (continued)

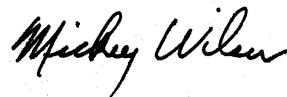
expanded scheduled commercial service, for the study or promotion of intrastate scheduled commercial service, or to assist airport sponsors participating in a federally funded air service program supporting intrastate scheduled commercial service. The act further requires that there must have been at least \$6 million deposited in the fund in the previous calendar year before aviation trust funds can be utilized for these purposes (Section 305.230).

This act allows moneys in the Aviation Trust Fund to be used to assist communities to match federal air traffic control tower cost-share program grants. Under the act, up to \$500,000 per year may be used on a ratio of 50% state/50% local to meet the non-federal match requirement. No more than \$100,000 per year may be used for any individual air traffic control tower (section 305.230).

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

Budget and Planning
Department of Revenue
Missouri Department of Transportation
City of Centralia
City of Columbia
Office of the Secretary of State
Office of the State Courts Administrator
Office of Prosecution Services
Department of Economic Development
Department of Elementary and Secondary Education



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Director
April 24, 2008