

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0165-05  
Bill No.: Perfected SS for SB 58  
Subject: Transportation; Revenue Department; Motor Vehicles; Licenses - Motor Vehicle;  
 Licenses - Driver's  
Type: Original  
Date: March 13, 2009

Bill Summary:           Modifies several provisions of law relating to transportation

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Highway Patrol Inspection Fund	(\$437,500)	(\$875,000)	(\$875,000)
Highway Fund	(\$875,000)	(\$1,750,000)	(\$1,750,000)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(\$1,312,500)</b>	<b>(\$2,625,000)</b>	<b>(\$2,625,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Public Safety - Office of the Director** assume that any costs resulting from this proposal can be absorbed with existing resources.

Officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

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

Officials from the **Office of State Public Defender, Department of Agriculture, and the Joint Committee on Legislation Research - Oversight Division** state this proposal will have no fiscal impact on their respective agencies.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. 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.

**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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

According to the **Department of Transportation (MoDOT)**, some of the changes contained in this proposed legislation (specifically, the changes to the definition of "hazardous material"; the changes relating to failure to appear or failure to pay; changes relating to the military commercial driver's license exemption; and changes to the definition of "farm vehicle") were required in an audit of the Department of Revenue's (DOR) commercial driver's license (CDL) program conducted by the Federal Motor Carrier Safety Administration (FMCS).

In a letter sent to DOR on April 29, 2008, Joe Boyd, FMCS Division Administrator, indicated that unless certain legislative changes were made so that Missouri is in substantial compliance with the Federal Motor Carrier Safety Regulations (FMCSRs), Missouri would be subject to withholdings of its federal-aid highway funds pursuant to 49 Code of Federal Regulations (CFR)

ASSUMPTION (continued)

Part 384.401.

According to MoDOT, the following proposed changes are required in order to be in compliance with FMCS:

Amends §302.700.2(8) and 302.755 so that DOR will disqualify a CDL holder upon receipt of a conviction for failure to appear or failure to pay, and that disqualification will continue until the pending court appearance or fine is resolved;

Amends the definition of “hazardous materials” in §302.700 to comply with the current federal definition of “hazardous materials”; and,

Removes the language in §302.775 which only authorizes a CDL exemption for military personnel when driving military vehicles. This change was required by FMCS, because the federal exemption for military personnel extends to non-military vehicles as well (so long as they are driving the vehicle for military purposes).

Officials from MoDOT anticipate a zero fiscal impact to their agency. This proposal, if enacted, will ensure that Missouri does not face sanctions of its National Highway System, Surface Transportation Program and Interstate Maintenance Funds pursuant to 49 CFR Part 384.401. Without some of these changes, FMCS could decide to pursue withholdings of these funds. The estimated loss of federal funds to MoDOT would be \$25 million (5%) the first year and \$50 million (10%) each addition year.

Officials from the **Department of Revenue (DOR)** state some portions of this proposal are mandated for compliance with Federal Motor Carrier Safety Regulations, 49 CFR Part 383 and §384.401 for Commercial Driver License (CDL) holders, as promulgated by the US Department of Transportation, Federal Motor Carrier Safety Administration (FMCS).

§302.230 - False Statements

Officials from the **Department of Corrections (DOC)** state that, currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision

ASSUMPTION (continued)

provided by the Board of Probation and Parole (FY08 average of \$2.47 per offender, per day or an annual cost of \$902 per offender).

In summary, supervision by the DOC through probation would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

§302.545, 302.700, 302.755 - Expungement of Records of CDL Holders and Failure to Appear

Officials from the **Department of Revenue (DOR)** state they will need to test the required programming changes on the expungement provisions and the disqualification for fail to appear and pay. This can be accomplished with existing resources.

Officials from the **Department of Social Services (DOS)** state there is no fiscal impact to their agency. §302.545 refers to licenses for persons less than 21 years of age, but there is no direct relevance to youth in the care of DOS.

§302.700, 302.735 - Hazardous material definition and endorsement revocation.

In response to the introduced version of this proposal, officials from the **Department of Natural Resources** stated their agency would not anticipate any direct fiscal impact as a result of this proposal.

Senate Amendment 9 - Vehicle Inspections

The **Department of Revenue (DOR)** states it will need to revise policies/ procedures, titling manual, websites, etc., and note safety inspection elimination for vehicle 10 years old or less on the renewal notices. DOR will also need to modify the renewal print program revised to exempt qualified vehicles from a safety inspection. These changes will be made at no additional costs. Other forms referencing the safety inspection requirements will be revised at their normal reorder points. DOR must notify dealers about the elimination of the safety inspection for vehicle 10 years old or less at a cost of \$3,648 in FY 10 to the Motor Vehicle Commission Fund.

IT will need to revise the renewal print program, TRIPS, and the MORE system to eliminate references to the safety inspection for qualified vehicles. **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 \$4,441. Office of Administration Information

ASSUMPTION (continued)

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.

**Oversight** assumes there are sufficient funds in the Motor Vehicle Commission Fund to absorb the notification expenses associated with this amendment to the proposal.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** assume it is estimated that there will be a 1,750,000 reduction in the number of safety inspections performed annually. The potential reduction of 1,750,000 safety inspections would reduce the annual sale of inspection stickers. Stickers are sold for \$1.50 each which would be an estimated loss to state revenues of \$2,625,000 (1,750,000 x \$1.50). One dollar of each inspection is deposited to the Highway Fund and \$.50 is deposited to the Highway Patrol Inspection Fund. This results in a \$1,750,000 (1,750,000 x \$1.00) reduction in deposits to the Highway Fund, and \$875,000 (1,750,000 x \$.50) reduction in deposits to the Highway Patrol Inspection Fund annually.

The current safety inspection fee is \$12 per vehicle. This is an estimated reduction of safety inspection fees collected by small businesses of \$21 million (1,750,000 x \$12) annually. Based on a random sampling of safety inspection certificates, the 2008 estimated rejection rate was 11.3 percent, and the average cost of repairs for rejected vehicles was \$105.04 which could be an estimated reduction in inspection-related repair costs to small businesses of approximately \$20.8 million (1,750,000 x 11.3% = 197,750 rejected cars) and (197,750 x \$105.04 = \$20,771,660). The total potential loss of revenue for small business would be approximately \$41.8 million (\$21,000,000 + 20,771,660 = \$41,771,660) annually.

**Oversight** assumes the proposal would become effective January 1, 2010 so revenue losses will be reflected for a six month period.

Officials from the **City of Kansas City** state this proposal will have no fiscal impact on their city.

Officials from the **Boone County Sheriff's Department** state this proposal will have no fiscal impact on their department.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>HIGHWAY PATROL INSPECTION FUND</b>			
<u>Loss - Decrease in revenue from vehicle inspections</u>	<u>(\$437,500)</u>	<u>(\$875,000)</u>	<u>(\$875,000)</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY PATROL INSPECTION FUND</b>	<b><u>(\$437,500)</u></b>	<b><u>(\$875,000)</u></b>	<b><u>(\$875,000)</u></b>
<b>HIGHWAY FUND</b>			
<u>Loss - Decrease in revenue from vehicle inspection fees</u>	<u>(\$875,000)</u>	<u>(\$1,750,000)</u>	<u>(\$1,750,000)</u>
<b>ESTIMATED LOSS TO HIGHWAY FUND</b>	<b><u>(\$875,000)</u></b>	<b><u>(\$1,750,000)</u></b>	<b><u>(\$1,750,000)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

There will be a loss of revenue to small business due to a reduction in the number of safety inspections and related repairs.

FISCAL DESCRIPTION

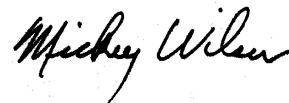
This proposed legislation modifies several provisions of law relating to transportation. The only provision with significant fiscal impact is Senate Amendment 9, which modifies the current motor vehicle safety inspection process by exempting motor vehicles for the ten-year period following their model year of manufacture (§301.147, 301.190, 307.350, 643.303, and 643.315). The modification of the state motor vehicle safety inspection process becomes effective January 1, 2010.

FISCAL DESCRIPTION (continued)

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 Revenue  
Department of Public Safety  
    Office of the Director  
        Missouri State Highway Patrol  
Office of State Courts Administrator  
Office of Secretary of State  
    Administrative Rules Division  
Office of Attorney General  
Department of Corrections  
Department of Social Services  
Department of Transportation  
Department of Revenue  
Department of Agriculture  
Office of Prosecution Services  
Joint Committee on Legislative Research  
    Oversight Division  
Local Law Enforcement  
    Boone County Sheriff's Department  
Cities  
    Kansas City



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