

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0365-01
Bill No.: HB 381
Subject: Revenue Department: Licenses - Motor Vehicle; Contract and Contractors
Type: Original
Date: February 2, 2009

Bill Summary: Requires the Department of Revenue to give charitable organizations and local political subdivisions a priority when awarding fee office contracts

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Expected to exceed \$100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(Expected to exceed \$100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	Expected to exceed \$100,000	Expected to exceed \$100,000	Expected to exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Auditor, Department of Transportation,** and the **Missouri Veterans Commission** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposal would appear to benefit schools (some more than others) at a nominal expense to the state in terms of bidding process costs and computing the distribution of the bid award monies to the schools. DESE has no data to determine the extent of any potential gain to school districts or resulting loss to the state. DESE will defer to the Department of Revenue regarding the fiscal impact. There may be equity issues if only the districts in the counties with fee offices benefit from the revenues.

§136.055.2

Officials from the **Department of Revenue (DOR)** assume this proposal requires DOR to implement a process to determine wait times in offices to ensure wait times are kept at 30 minutes. This could be accomplished electronically through a queue system or manually. Either process will cost in excess of \$100,000.

There is a potential unknown minimal decrease in revenue from state processing fees that must be waived if a DOR central office customer must wait more than 30 minutes for service. The total impact of fees which may be waived and the affect on not-for-profit or current for-profit entities under this new provision is unknown. This proposal will require modifications to the current driver license issuance system to allow for waiver of the processing fees by the clerk if the maximum wait time has been exceeded.

§136.055.6 (4)

DOR states their agency has already requested an appropriation in its budget to process the transition of offices including hotel/travel/training expenses incurred during transition of offices.

DOR assumes that the current equipment provided to offices for Motor Vehicle and Driver License which is The Over The Counter(OTC) system and Title and Registration Internet Processing (TRIP) system is what will continue. And any additional equipment such as phones, fax machine, DSL lines etc. will be at the expense of the office.

Oversight assumes that processing fee income to contract offices will surpass the cost of ASSUMPTION (continued)

opening and operating the offices and any loss of processing fees due to a wait in line in excess of 30 minutes.

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing 2 existing CIT III's for 2 months at a rate of \$4,441/mo for a total cost of \$17,764. 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 from **Kansas City** assume this proposed legislation could have a positive impact on the City of Kansas City because of the preference given a municipality in being awarded a fee office contract by the state; however, it is impossible to determine the amount of such a positive fiscal impact.

Officials from the **City of Centralia, St Louis County, Cass County Commission,** and the **Creve Coeur Fire District** assumed no fiscal impact to their respective political subdivisions.

A request for fiscal impact was sent to several school districts, non of which responded.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Cost</u> - Department of Revenue (DOR) - Development of queue system (\$135.055.2)	(Expected to exceed \$100,000)	\$0	\$0
<u>Loss</u> - DOR - Fee income waiver at central office (\$135.055.2)	(Unknown - Expected to be less than \$100,000)	(Unknown - Expected to be less than \$100,000)	(Unknown - Expected to be less than \$100,000)

**ESTIMATED NET EFFECT ON
 GENERAL REVENUE**

	<u>(Expected to exceed \$100,000)</u>	<u>(Unknown - Expected to be less than \$100,000)</u>	<u>(Unknown - Expected to be less than \$100,000)</u>
	FY 2010 (10 Mo.)	FY 2011	FY 2012
<u>FISCAL IMPACT - Local Government</u>			

**LOCAL POLITICAL
 SUBDIVISIONS***

<u>Income</u> - Processing fee income from license contract offices (§135.055.6 (2))	Expected to exceed \$100,000	Expected to exceed \$100,000	Expected to exceed \$100,000
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<u>Cost</u> - Expenses of setting up and operating license contract offices	(Expected to exceed \$100,000)	(Expected to exceed \$100,000)	(Expected to exceed \$100,000)
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<u>Loss</u> - DOR - Fee income waiver at central office (§135.055.2)	(Unknown - Expected to be less than \$100,000)	(Unknown - Expected to be less than \$100,000)	(Unknown - Expected to be less than \$100,000)
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**ESTIMATED NET EFFECT ON
 LOCAL POLITICAL SUBDIVISIONS**

<u>Expected to exceed \$100,000</u>	<u>Expected to exceed \$100,000</u>	<u>Expected to exceed \$100,000</u>
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*Local Political Subdivisions outlined in this proposed legislation include, but are not limited to, municipalities, counties, fire protection districts, chambers of commerce, veterans' organizations, and local school foundations.

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposed legislation requires the Department of Revenue (DOR) to give first priority to charitable organizations and then to local political subdivisions when awarding fee office contracts. No individual or for-profit organization or entity can be awarded a contract. Any fees DESCRIPTION (continued)

collected by a tax-exempt organization or political subdivision will be retained and used by the organization or political subdivision; however, no employee under any fee office contract can receive more than \$100,000 per year for his or her services.

Beginning August 28, 2010, any person who waits 30 minutes or longer at a fee office for service cannot be charged a processing fee. DOR must develop and implement procedures for determining the length of time a person has waited.

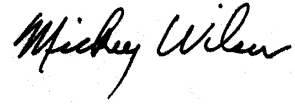
DOR must develop and implement, by August 28, 2010, an electronic license renewal system which must be used by all fee offices for renewing licenses. Once every two years, the State Auditor will be given access to all fee office records.

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 Elementary and Secondary Education
Office of State Auditor
Missouri Veterans Commission
Department of Transportation
Cities
 Kansas City
 Centralia
Counties
 St Louis County
 Cass
Fire Protection Districts
 Creve Coeur

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent "M" and "W".

Mickey Wilson, CPA
Director
February 2, 2009