

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0365-03
Bill No.: Truly Agreed To and Finally Passed SS for HCS for HB 381
Subject: Revenue Department: Licenses - Motor Vehicle; Contracts and Contractors
Type: Original
Date: May 26, 2009

Bill Summary: This proposal requires the Department of Revenue to give priority to nonprofit organizations and political subdivisions when awarding fee office contracts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$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 5 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** and the **Department of Transportation** 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.

Officials from the **Department of Revenue (DOR)** state their agency has already requested an appropriation in their budget to process the transition of offices today including hotel, travel, and training expenses incurred during transitions of offices. Since DOR is currently awarding contract offices through the competitive bidding process, no administrative impact is shown.

Officials from **Kansas City** assumed 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 was 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.

Oversight assumes that processing fee income to contract offices will surpass the cost of opening and operating the offices.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL POLITICAL SUBDIVISIONS*			
<u>Income</u> - Processing fee income from license contract offices	Expected to exceed \$100,000	Expected to exceed \$100,000	Expected to exceed \$100,000
<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)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>Expected to exceed</u> <u>\$100,000</u>	<u>Expected to exceed</u> <u>\$100,000</u>	<u>Expected to exceed</u> <u>\$100,000</u>

*Local Political Subdivisions outlined in this proposed legislation include, but are not limited to, municipalities, counties, and fire protection districts.

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

According to this proposed legislation, the Director of Revenue must award fee office contracts through a competitive bidding process. The competitive bidding process shall give priority to organizations and entities that are exempt from taxation under Section 501 (c) (3) or 501 (c) (6) of the IRS Code, and political subdivisions. The Director of the Department of Revenue may promulgate rules to implement the competitive bidding process. Under terms of the proposal, the State Auditor may audit fee offices in the same manner as any state agency.

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
Office of State Auditor
Department of Transportation
Office of Secretary of State
 Administrative Rules Division
Cities
 Kansas City
 Centralia
Counties
 St Louis County
 Cass
Fire Protection Districts
 Creve Coeur



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Director
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