

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1576-07
Bill No.: SS for SCS for HB 683
Subject: Motor Vehicles: Licenses - Motor Vehicle; Motor Carriers; Revenue Department;
Corrections Department
Type: Original
Date: May 4, 2009

Bill Summary: This proposal modifies several provisions of law relating to the regulation of motor vehicles and transportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	\$19, 786 to \$46,166 to (Unknown)	\$20,288 to \$47,336 to (Unknown)	\$20,801 to \$49,086 to (Unknown - More than \$100,000)
Total Estimated Net Effect on General Revenue Fund	\$19, 786 to \$46,166 to (Unknown)	\$20,288 to \$47,336 to (Unknown)	\$20,801 to \$49,086 to (Unknown - More than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 29 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Highway Fund	(Up to \$750,000)	(Up to \$750,000)	(Up to \$750,000)
Highway Patrol Inspection Fund	(\$375,000)	(\$375,000)	(\$375,000)
Road Bond Fund	\$0	\$0	More than \$100,000
Transportation Fund	\$0	\$0	Unknown
Road Fund	\$0	\$0	More than \$100,000
School District Trust	\$0	\$0	More than \$100,000
Conservation Commission Funds	\$0	\$0	More than \$100,000
Parks, and Soils and Water Fund	\$0	\$0	More than \$100,000
Environmental Radiation Monitor Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(Up to \$1,125,000)	(Up to \$1,125,000)	Unknown (Up to \$1,125,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal Funds	\$20,272 to \$47,303	\$20,789 to \$48,508	\$21,318 to \$49,742
Total Estimated Net Effect on <u>All</u> Federal Funds	\$20,272 to \$47,303	\$20789 to \$48,508	\$21,318 to \$49,742

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	.27 FTE to .63 FTE to Unknown	.27 FTE to .63 FTE to Unknown	.27 FTE to .63 FTE to Unknown
Federal	.37 FTE to .73 FTE	.37 FTE to .73 FTE	.37 FTE to .73 FTE
Total Estimated Net Effect on FTE	.64 FTE to 1.36 FTE to Unknown	.64 FTE to 1.36 FTE to Unknown	.64 FTE to 1.36 FTE to Unknown

- 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	Unknown - Expected to be more than \$100,000	Unknown - Expected to be more than \$100,000	Unknown - Expected to be more than \$100,000

FISCAL ANALYSIS

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 **Department of Transportation, State Tax Commission, Department of Agriculture, and the Department of Insurance, Financial Institutions and Professional Registration** state this proposal will have no fiscal impact on their respective agencies.

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

ASSUMPTION (continued)

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 **Office of Administration, Division of Budget and Planning (BAP)** assume there would be no added cost to their organization as a result of this proposal. BAP officials stated that this proposal would allow for the collection of sales and use taxes at the point of sale by certain motor vehicle dealers, and sets up related procedures. This proposal would have no direct impact on general and total state revenues, but may increase general and total state revenues if these provisions prevent some levels of sales tax evasion.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate that this proposed legislation will not significantly alter its caseload. However, if other proposals also pass, there will be fiscal impact. If there are more cases, or more complex cases, there could be a fiscal impact.

Officials from the **State Tax Commission** state this proposal will not have a fiscal impact on their agency.

§32.095,144.060, 144.070 - Motor vehicle dealers as agents

Officials from the **Department of Revenue (DOR)** assume this proposal would allow but not require dealers to collect sales tax on their sales. It is unknown how many dealers would choose to collect and remit sales tax, or how many vehicle purchasers will purchase from dealers who collect sales tax. DOR bases their calculations on 50% of all dealers choosing to do so.

In FY 2007 there were approximately 58,776 individuals who purchased vehicles from a dealer and didn't pay their sales tax or apply for title. Assuming 50% of the dealers will collect sales tax, this figure will decrease by 50% to 29,388. With this proposal those individuals would have to pay sales tax (an average state sales tax of \$480 and an average of \$340 local sales tax each)

ASSUMPTION (continued)

directly to the dealer at the time of sale. This proposal would result in an increase in motor vehicle sales tax collected by DOR.

The following is the estimated allocation to each fund:

Sales Tax	FY 2012 (6 months)	FY 2013	FY 2014
State Road Bond Fund	\$2,504,069	\$5,008,138	\$5,008,138
State Transportation Fund	\$66,793	\$133,586	\$133,586
State Road Fund	\$2,437,276	\$4,874,552	\$4,874,552
School District Trust Fund	\$834,666	\$1,669,332	\$1,669,332
Conservation Commission Trust Fund	\$208,702	\$417,404	\$417,404
Parks, and Soils and Water Funds	\$166,877	\$333,754	\$333,754
Cities	\$3,004,908	\$6,009,817	\$6,009,817
Counties	\$2,837,961	\$5,675,922	\$5,675,922
Total State Revenue	\$6,218,383	\$12,436,766	\$12,436,766
Total Local Revenue	\$5,842,869	\$11,685,739	\$11,685,739
Total:	\$12,061,252	\$24,122,505	\$24,122,505
Less 2% collection fee:	\$241,225	\$482,450	\$482,450
Net total:	\$11,820,027	\$23,640,055	\$23,640,055

ASSUMPTION (continued)

Motor Vehicle Title Fee Increase:

There would be a corresponding increase in title fees from the 29,388 vehicle purchasers who now apply for title at \$8.50 as shown below. The \$8.50 title fee is distributed: \$1 to Highway Fund; and the remaining \$7.50 is distributed as follows: 75% Highway Fund, 15% Cities, and 10% Counties.

Motor Vehicle Title Fee Increase	FY 2012 (6months)	FY 2013	FY 2014
Highway Fund - \$1 each	\$14,694	\$29,388	\$29,388
Highway Fund - 75% of Balance	\$82,654	\$165,308	\$165,308
Cities - 15% of Balance	\$16,531	\$33,062	\$33,062
Counties - 10% of Balance	\$11,021	\$22,041	\$22,041
Total	\$124,899	\$249,798	\$249,798

Reduction in Penalties for Failure to Apply for Title Promptly

DOR assumes that because buyers would be paying sales tax up front, there would no longer be a reason to delay applying for title so there would be a projected decrease in title penalties each year of \$2,290,325 in FY 12 and \$4,580,650 each year thereafter to the Highway Fund for vehicle transactions.

DOR officials assume their agency would need to revise policies and procedures and the DOR website. They would also need to notify motor vehicle dealers, leasing companies and salvage dealers regarding this legislation. DOR assumes that \$4,130 would be required for the Motor Vehicle Commission Fund for the cost of these notifications.

Oversight assumes there are sufficient funds in the Motor Vehicle Commission Fund to cover these expenses related to the proposed legislation.

Based on their assumption that fifty percent of dealers would collect and remit sales taxes, DOR officials assume they would process 29,388 additional transactions per year which would require funding of \$6,817 in FY 2012, \$14,045 in FY 2013, and \$14,467 in FY 2014 for printing the titles and envelopes, and postage to mail them to the owner.

ASSUMPTION (continued)

DOR officials assume there would be a decrease in the number of delinquent fee letters issued. In FY 2007, there were a total of 29,388 delinquent fee letters generated due to unpaid motor vehicle dealer sales transactions. DOR assumes this proposal would eliminate fifty percent of the delinquent fee letters, which would result in cost savings for letters, postage, and envelopes in the amount of \$6,802 in FY 2012, \$13,607 in FY 2013 and FY 2014.

DOR officials assume that an unknown additional inventory of additional plates and tabs would be distributed to dealers across the state who are designated as DOR agents, and there would be additional UPS costs associated with shipping those plates to the dealers. DOR will also require an unknown amount of additional funding for Revenue Licensing Technicians and supporting equipment to review the title transactions submitted by dealers designated as agents to ensure all requirements are met before the titles are issued.

DOR will require funding in the amount of \$85,491 for two Revenue Licensing Clerk II's and supporting equipment to process the letters sent to dealers regarding tax discrepancies between what the dealer collected and what was reported on the title application as well as receiving phone calls and any required research. DOR will also require an unknown amount of funding for paper, envelopes and postage to issue these letters.

Collections and Tax Assistance (§32.095)

This section decreases delinquent fees. The actual reduction depends on the number of motor vehicle dealers "appointed" as agents of DOR, the number of transactions that go through those dealers, and the delinquent rate. There would still be delinquent fees for sales between individuals but not when the sale is made by an "appointed" dealer.

ASSUMPTION (continued)

DOR assumes the following staff would be need to implement this portion of the proposal:

Non-Delinquent

- One Revenue Processing Technician I for every 8,300 registrations/maintenance to business tax accounts
- One Revenue Processing Technician I for every additional 24,000 contacts annually to the registration phone line

Delinquent

- One (1) Tax Collection Technician I for every 15,000 contact annually to the delinquency phone line;
- One (1) Revenue Processing Technician I for every additional 4,800 contacts in the field offices

DOR assumes failure to timely remit sales tax only applies to the Motor Vehicle dealers who are collecting sales tax. This is a substantial increase to the late pay penalty for all business tax accounts and would result in a significant impact.

If delinquencies are created from dealers failing to file and remit the Motor Vehicle sales tax, additional enforcement activities by Collections and Tax Assistance staff are required. However, as this is a new process, Taxation does not know the number of accounts a Revenue Processing Technician can perform asset research annually.

Oversight assumes this proposal would require considerably less revision of current DOR procedures than is included in the DOR cost estimate. Many sales would likely be trade-in transactions in which the buyer would retain their current license plate. **Oversight** assumes that title application forms completed by dealers would be sent to DOR by those dealers; the dealers would issue temporary license plates as they currently do, and DOR would mail plates or tabs to buyers. Alternatively, the title application forms could be completed on a web-based system developed by DOR to allow for editing and verification before the transaction is entered into the TRIPS system. **Oversight** will include an unknown cost for DOR administration of the proposal.

Oversight also notes that the DOR estimates of additional revenues and reduced penalties appear to be based on the collection of a historical average amount of sales and use taxes for all of the current non-filers; DOR has also assumed that fifty percent of dealers would collect and remit sales taxes. **Oversight** assumes that collection from fifty percent of current non-filers is a more

ASSUMPTION (continued)

realistic estimate although this proposal could result in collection from significantly more or less than fifty percent of current nonfilers.

Oversight will indicate an unknown increase in administrative cost to implement this proposal, an unknown increase in sales tax collections, and an unknown decrease in penalties for the applicable funds and local governments. For fiscal note purposes, **Oversight** assumes that for all years the cost to the General Revenue Fund to administer this proposal would exceed the additional revenue for the General Revenue Fund. **Oversight** also assumes that the loss of title penalties would significantly exceed the revenues from additional title fee collections. Finally, **Oversight** assumes that additional revenues would exceed \$100,000 except for the Transportation Fund.

Officials from **Centralia, Kansas City, and West Plains** do not estimate fiscal impact to their respective cities as a result of this proposed legislation.

Officials from the **Springfield Police Department** state this proposal will have no fiscal impact on their department.

136.055 - License fee offices awarded through competitive bidding process

Officials from the **Department of Revenue (DOR)** assume that §136.055.3 indicates that all fees collected by a tax-exempt organization may be retained and used by the organization. DOR assumes this is referencing office processing fees defined under §136.055.1 only and not driver license or title and registration fees. Since the DOR is currently awarding contract offices through the competitive bidding process, no administrative impact is being shown.

Senate Amendment 4 removes priority for certain entities in the competitive bidding process. **Oversight** assumes that although school districts or coalitions of school districts, charitable organizations, nonprofit organizations, and political subdivisions are no long given priority in the bidding process, they would not be precluded from participating in the competitive bidding process.

§260.392, 267.750 - Transportation of radioactive waste

In response to SB 100 (FN 0521-01), officials from the **Department of Health and Senior Services (DOHSS)** assumed under this proposal, DHSS would be responsible for inspection of radioactive material and waste shipments that are the subject of this proposal. DHSS will also be

ASSUMPTION (continued)

involved in the training of public health officials, state and local emergency responders, and others concerned with the transport of radioactive wastes. Finally, §192.510, RSMo., requires DHSS to be responsible for responding to all emergencies involving radioactive material. Under this proposal, DHSS would respond to such incidents.

Oversight assumes these cost would be included in the costs provided by the Department of Natural Resources.

Officials from the **Department of Natural Resources (DNR)** assume that since Missouri does not currently require notification or collect a fee on any low-level radioactive waste shipments, the total number currently transported through the state is unknown. To attempt to predict how many of each type of shipment is reasonable to expect in the upcoming year, DNR staff requested shipment data on low-level radioactive waste from Illinois and Iowa, as well as the federal Department of Energy (DOE). Because Illinois does not collect a fee on low-level waste, no data was available on shipments that might enter Missouri from Illinois. Iowa does track low-level shipments due to their fee on this type of waste, but not all shipments go through Missouri prior to entering Iowa. Iowa charges a fee for all types of low-level waste. Information from the DOE indicates that shipments vary based on several factors. Currently, DOE is cleaning up several former nuclear weapons manufacturing facilities. The ultimate disposal site of this waste depends on the outcome of DOE's bidding procedure. Once a disposal facility is selected, DOE selects a shipping company, and the shipping company selects the shipment route. DOE does provide information on an annual basis, with an estimate of what type and number of shipments may come through the various states.

The proposal would establish a fee of \$125 for each truck or train transporting or shipping low-level radioactive waste through or within the state.

Using these sources of information, DNR estimates between 430 and 1,400 shipments can be anticipated in any given twelve-month period. The level of anticipated revenue as well as the level of effort needed to implement this proposal would be dependent on the number of shipments that came through Missouri. For purposes of this fiscal note, DNR has shown the income from fees and the associated costs as a range to more accurately reflect potential fiscal impact to the state.

In their response to SB 100 (FN 0521-02), officials from the **Department of Health and Senior Services (DOHSS)** indicated that they would need 1 FTE to implement the training and inspections portions of this proposal. For purposes of this fiscal note response, DNR has used DHSS's response to estimate radiological inspections, training, and equipment and supplies for

ASSUMPTION (continued)

state and local responders.

Option 1 - Income Low End of Range:

High-level: 2 shipments + 3 MURR no fee shipments	\$ 6,100
24 HRCQ shipments 285 miles each	\$ 94,200
400 low-level shipments annually	<u>\$ 50,000</u>
Estimated Annual Fee Income	\$150,300

Option 1 - Expenses:

Escorts: 2 high-level shipments (MURR direct pay)	\$ 2,960
DNR Fund Administration	\$ 16,984
Environmental Monitoring	\$ 13,500
Radiological Inspection, Training & Notification of Local Responders, Equipment & Supplies for State & Local Responders	<u>\$116,856</u>
Total Option 1 Expenses	\$150,300

Option 2 - Income High End Range

High-level shipments: 2 + 4 MURR no fee shipments	\$ 6,100
45 HRCQ shipments 285 miles each	\$176,625
350 non-DOE Lo-level shipments	\$ 43,750
1000 DOE low-level shipments	<u>\$125,000</u>
Estimated Annual Fee Income	\$351,475

Option 2 - Expenses

Escorts: 2 high-level shipments (MURR direct pay)	\$ 2,960
Escorts: 45 HRCQ shipments	\$ 66,600
DNR Fund Administration	\$ 39,717
Environmental Monitoring	\$ 13,500
Radiological Inspections, Training & Notification of Local Responders, Equipment & Supplies for State & Local Responders	<u>\$228,698</u>
Total Option 1 Expenses	\$351,475

Monies would be used by the Department of Public Safety, Department of Health and Senior Services, and the Department of Natural Resources for purposes including, but not limited to: inspections, escorts, and security for waste shipment and planning; coordination of emergency response capability; education and training of state, county and local emergency responders;

ASSUMPTION (continued)

purchase and maintenance of necessary equipment; emergency responses to any transportation incident involving high-level radioactive waste, transuranic radioactive waste, highway route controlled quantity shipments, spent nuclear fuel or low-level radioactive waste; oversight of an environmental remediation necessary resulting from an incident; and administrative costs attributable to the state agencies which are incurred through their involvement.

To meet the staffing needs from this proposal DNR would use existing FTE. DNR would restructure the duties of the FTE to implement the requirements of this legislation. For purposes of this fiscal note, the costs for the FTE is charged to the Environmental Radiation Monitoring Fund which is a shift from the General Revenue Fund and Federal funds. Therefore, a corresponding savings is shown to the General Revenue Fund and Federal Funds.

Officials from the **Department of Health and Senior Services (DOHSS)** responded with a higher range of costs. Oversight assumes DNR considered DOHSS costs when formulating their estimate of this portion of the proposal. Oversight, for fiscal note purposes only, will use the estimates provided by DNR.

County and local emergency responders would receive training, equipment and supplies as funds are available from this proposal.

Officials from the **Department of Transportation and Missouri Highway Patrol** assume there will be no fiscal impact to their agency at this time.

§301.032 - Fleet vehicles

According to officials from DOR, their records indicate that there are currently 103 companies that have registered fleet vehicles resulting in 3,439 registered fleet vehicles in Missouri. Pursuant to §301.032.4, DOR is assuming that 75% of the owners of these registered fleet vehicles will wish to obtain the plate with the individual company logo on it resulting in 75% or 2,575 registered fleet vehicles with an individual company logo. DOR also assumes the intent is for the \$5 plate fee to be charged for each vehicle registered as a fleet vehicle that displays the company logo or name, therefore there will be an increase in revenue of \$12,875 from the \$5 fee that is to be charged that will be distributed as follows:

75% - Highway Fund -	\$9,656
15% - Cities -	\$1,931
10% - Counties-	\$1,288

ASSUMPTION (continued)

DOR anticipates there will be a significant increase in the number of companies wanting to obtain fleet plates due to the ability to obtain their individual company name or logo on the plate. Therefore the overall increase is unknown.

DOR will need to revise related policies and procedures and the DOR website.

This proposal provides for a one-time \$5 up front fee. DOR is assuming this fee is to offset the initial cost of plate set-up and materials to have the individual company name or logo put on the plate. The set up cost for any new special plate is \$262. Assuming that 75% of the 103 companies who have registered fleet vehicles in Missouri will wish to do this, the initial set up costs will be \$20,213 in FY 10.

All fleet plates are flat plates and cost \$4.25 for the Department to have them made. There will be additional costs to the Highway Fund of \$10,943 in FY 10 from the 2,575 fleet plates that will need to be made at \$4.25 per plate.

DOR will need to mail the fleet plates to a license office for pickup as well as mail notification to each company notifying them that the fleet plates are ready for pickup. In FY 10 this will equate to plate envelope and postage costs to send 2,575 fleet plates at cost of \$472 and \$30 for postage, letter, and envelope costs to mail the notices to 77 companies.

Oversight assumes since it is unknown how many businesses with fleet vehicles will participate in this program, for fiscal note purposes only costs and income will be shown as \$0 to Unknown - Expected to be less than \$100,000.

§301.140 - Proof of insurance

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume this proposal will have no fiscal impact on their agency.

Officials from the **Department of Revenue (DOR)** assume this proposed legislation does the following:

§301.140.4 - Provides that a dealer may furnish a temporary plate to a buyer for temporary use upon application, presentation of proof of financial responsibility, and satisfactory evidence that the buyer has applied for registration.

§301.140.5 - Provides that DOR shall issue a temporary permit upon proof of purchase of a motor vehicle or trailer for which the buyer has no registration plate available for transfer and

ASSUMPTION (continued)

upon proof of financial responsibility and also provides that no temporary permits shall be issued without proof of financial responsibility.

DOR will need to:

- Revise policy and procedures, update the DOR website, and revise the Special Permits Application to reflect the change;
- Notify 8,920 dealers of the change at a cost to the Motor Vehicle Commission Fund of \$4,130 (paper/envelopes/postage).

Oversight assumes that, due to carryover of funds from year to year, there are sufficient funds in the Motor Vehicle Commission Fund to cover the notification costs of this proposal.

§301.165, 301.3155 - Specialty license plates

Officials from the **Department of Corrections - Missouri Vocational Enterprises** state this portion of the proposal would have no fiscal impact on their agency.

Officials from the **Missouri Veterans Commission** state this proposal will have no fiscal impact on their agency.

This proposed legislation provides authorization for two specialized license plates: The Armed Forces Expeditionary Medal and the Brain Tumor Awareness Organization. According to officials from the **Department of Revenue (DOR)**, the number of applicants who will wish to obtain these specialized plates are unknown. However, for each 100 of the individual specialty plate applications received, there will be an increase in revenue each year \$1,500 from the \$15 specialty plate fee of which 75% would be distributed to the Highway Fund, 15 % to cities, and 10% to counties. The Brain Tumor Awareness Organization plate has a \$25 specialty plate fee which will be distributed in the same manner. DOR will need to revise procedures, update the TRIPS plate table, and request funding in the amount of \$1,500 for every 100 specialty applications received per application for plate set-up, postage, envelope, notification, and plate costs.

§301.571 - Mobility motor vehicle dealers

Officials from the **Department of Social Services** and the **Department of Health and Senior**

ASSUMPTION (continued)

Services state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Department of Revenue (DOR)** state they would need to make changes to dealer new/renewal instructions and also make changes to the dealer application and procedures. Costs are minimal and would be absorbed.

DOR assumes that the intent is not for a new type of dealer license (mobility motor vehicle) to be created, but that an existing new/ used licensed dealer, or other entity, can purchase a new vehicle and make the mobility modifications and have it sold by or through a franchise dealer without obtaining a "mobility motor vehicle" dealer license from DOR, therefore modifications to the IMVDL dealer system would not be necessary.

§302.182 - Notation of disabled status on driver's license or non driver's license

Officials from **DOR** assume this proposal would allow any person who is permanently disabled to apply to DOR to have a notation indicating such status on the person's driver's or nondriver's license. DOR may establish rules defining the cost and criteria for placement of the notation such as submitting medical proof of permanent disability.

DOR would be required to modify the Over the Counter license system and supporting applications to allow for placement of the permanent disability notation. It is assumed DOR would have to develop an administrative rule regarding the fee and application form or physician statement to be used to support placement of the permanent disability notation. There may be costs for development of an application form or physician's form to be used for this purpose

§302.184 - Notation of boater identification on driver's license or non driver's license

DOR assumes this proposal allows persons who have been issued a boater identification card by the Missouri State Water Patrol to apply to DOR to have a notation placed on the person's driver license or nondriver license indicating compliance with the provisions of 306.127 RSMo.

DOR assumes they may define an endorsement to be placed on the driver license or nondriver license indicating compliance with 306.127 RSMo, such as they do today for motorcycle qualified applicants.

ASSUMPTION (continued)

DOR would be required to:

- o File a rule with the Secretary of State defining requirements for adding this notation (endorsement) to a driver or nondriver license;
- o Update the Missouri Driver Guide (web and hard copy versions);
- o Update the Departments website information;
- o Notify law enforcement of new endorsement/notation as determined by the director to be used for this program.

Officials from the **Missouri State Water Patrol** state there will be no fiscal impact to their agency.

§302.545, 302.700, 302.735, 302.755, 302.775, 311.326 - Commercial Driver License Holders

DOR officials state that revisions to these sections are mandated for compliance with the Federal Motor Carrier Safety Regulations, 49 CFR Part 383 and §384.403 for Commercial Driver License (CDL) holders, as promulgated by the US Department of Transportation, Federal Motor Carrier Safety Administration (FMCSA).

The DOR Driver License Bureau will need to test the programs that would change the expungement provisions and the disqualifications for Failure to Appear. This can be absorbed with existing resources and staff during normal work hours.

§304.155 - Abandoned vehicles

Officials from DOR state they will need to revise policies/procedures, titling manual, and web sites. This change could lead to an unknown increase in abandoned vehicle transactions for DOR to process.

This section 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.

100 Estimated hours for project completion (requirements and system testing) at a \$100 hourly rate for an OTC contract = \$10,000

ASSUMPTION (continued)

§565.081, 565.082, 565.083 - Assault of a corrections officer or a highway worker in a construction zone or a work zone

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 portion of the proposal. Highway construction zone workers and correctional officer are added to the list of persons covered pursuant to the crime of assault of a law enforcement officer. 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 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 additional unknown costs to DOC. Eighteen persons would have to be incarcerated per each fiscal year to exceed \$100,000 annually. Due to the narrow scope of this new crime, it is assumed the impact would be less than \$100,000 per year for the DOC.

Senate Amendment 1 - §307.350 - Vehicle Inspections

According to officials from the Department of Public Safety - Missouri State Highway Patrol (MHP), the potential reduction of 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 \$1,125,000 (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 \$750,000 (750,000 x \$1.00) reduction in deposits to the Highway Fund, and \$375,000 (750,000 x \$.50) reduction in deposits to the Highway Patrol Inspection Fund annually.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this amendment would save DESE funds. Any savings will be dependent upon the number of new vehicles purchased recently and in the future and will not likely be significant.

Senate Amendment 2 - §304.034 - Operation of golf carts and motorized wheelchairs on city streets

Officials from the **City of Jefferson City** and **City of Centralia**, as well as the **Springfield**

ASSUMPTION (continued)

Police Department assume no fiscal impact to their political subdivisions.

Oversight assumes this section is discretionary and would have no local fiscal impact without action by the governing body.

Senate Amendment 3 - §144.054, 227.600, 227.646 - Expands the “Missouri Public-Private Partnerships Transportation Act”

Officials from the **Missouri Department of Transportation (MoDOT)** assume that there is no fiscal impact from this proposal. This proposal expands the Missouri Public-Private Partnerships Transportation Act which gives MoDOT another tool for transportation financing.

MoDOT currently has no projects planned that would be a public private partnership.

Officials from the **Department of Revenue** assume the need for two temporary tax employees for key entry. Additionally they need one revenue processing technician per 19,000 returns verified and one revenue processing technician per 2,400 pieces of correspondence.

Officials at the **Budget and Planning** assume no added cost to the Office of Administration as a result of this bill. This proposal includes a sales tax exemption for materials related to these projects, as well as an income tax exemption for any income related to these projects. This proposal may reduce general and total state revenues. MODOT officials should be able to provide information on the number of projects that may be immediately started using this expanded program.

Oversight assumes that MoDOT has no current projects planned and therefore, DOR would not need additional FTE. Should projects be developed in the future then DOR could seek funding for an additional FTE through the appropriations process.

Officials from **St. Louis County** assume they are not able to quantify the direct loss due to the exemption of sales tax.

The **Office of Administration Information Technology (ITSD DOR)** estimates that this entire proposed legislation could be implemented utilizing 3 existing CIT III's for 8 months, 6 existing CIT's for 3 months at a rate of \$4,441/mo for a total cost of \$186,522. 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.

<u>FISCAL IMPACT - State Government</u>	FY 2010	FY 2011	FY 2012 (6 Mo)
GENERAL REVENUE FUND			
<u>Savings - Cost Avoidance - Department of Natural Resources</u>			
Personal Services (.27 FTE to .63 FTE)	\$12,677 to \$29,580	\$12,994 to \$30,318	\$13,318 to \$31,076
Fringe Benefits	\$5,606 to \$13,080	\$5,746 to \$13,407	\$5,889 to \$14,291
Equipment and Expense	\$1,503 to <u>\$3,506</u>	\$1,548 to <u>\$3,611</u>	\$1,594 to <u>\$3,719</u>
Total Expenses	\$19,786 to \$46,166	\$20,288 to \$47,336	\$20,801 to \$49,086
Estimated Net FTE Change for General Revenue	.27 to .63	.27 to .63	.27 to .63
<u>Revenue increase - Sales and use tax</u> (\$32.095, 144.060)	\$0	\$0	More than \$100,000
<u>Revenue reduction - Title penalties</u> (32.095, 144.060)	\$0	\$0	(More than \$100,000)
<u>Cost - Department of Revenue (DOR) - Processing costs for specialty plates</u> (\$301.032, 301.165, 301.3155)	(Unknown - Expected to be less than \$100,000)	(Unknown - Expected to be less than \$100,000)	(Unknown - Expected to be less than \$100,000)
<u>Cost - DOR - Contract programming</u> (\$302.182, 302.184, 304.155)	(\$10,000)	\$0	\$0

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2010	FY 2011	FY 2012
<u>Cost - Department of Corrections -</u> Incarceration costs (§565.081, 565.082, 565.083)	(Unknown - Expected to be less than \$100,000)	(Unknown - Expected to be less than \$100,000)	(Unknown - Expected to be less than \$100,000)
<u>Cost - DOR - Administrative fees</u> (§32.095, 144.060)	<u>\$0</u>	<u>\$0</u>	<u>(More than \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			<u>\$20,801 to \$49,086 to</u>
	<u>\$19,786 to \$46,166 to (Unknown)</u>	<u>\$20,288 to \$47,336 to (Unknown)</u>	<u>(Unknown - More than \$100,000)</u>
Estimated Net Effect on FTE for General Revenue	.27 FTE to .63 FTE to Unknown	.27 FTE to .63 FTE to Unknown	.27 FTE to .63 FTE to Unknown

FISCAL IMPACT - State Government FY 2010 FY 2011 FY 2012
 (Continued)

**ENVIRONMENTAL RADIATION
 MONITOR FUND**

Income - Department of Natural
 Resources (DNR) (\$260.392, 267.750) =====
 Option 1 - Radioactive materials transport
 fee \$150,300 \$150,300 \$150,300

Option 2 - Radioactive materials transport
 fee \$351,475 \$351,475 \$351,475

Cost - DNR
Option 1 - Expenses
 Salaries (\$25,461) (\$26,098) (\$26,750)
 Fringe Benefits (\$11,259) (\$11,541) (\$11,829)
 Equipment and Expense (\$3,502) (\$3,606) (\$3,717)
 Other Fund Costs (\$110,078) (\$109,055) (\$108,004)
 Total (\$105,300) (\$105,300) (\$105,300)

Option 2 - Expenses
 Salaries (\$59,409) (\$60,894) (\$62,417)
 Fringe Benefits (\$26,271) (\$26,927) (\$27,601)
 Equipment and Expense (\$1,872) (\$8,418) (\$8,699)
 Other Fund Costs (\$256,623) (\$255,236) (\$252,788)
 Total (\$351,475) (\$351,475) (\$351,475)

**ESTIMATED NET EFFECT ON
 ENVIRONMENTAL RADIATION
 MONITOR FUND** \$0 \$0 \$0

<u>FISCAL IMPACT - State Government</u> (Continued)	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
HIGHWAY FUND			
<u>Revenue increase</u> - Title fees (§32.095, 144.060)	\$0	\$0	More than \$100,000
<u>Income</u> - Fees for specialty plates (§301.032,301.165, 301.3155)	Unknown - Expected to be less than \$100,000	Unknown - Expected to be less than \$100,000	Unknown - Expected to be less than \$100,000
<u>Loss</u> - Inspection sticker fees (SA 1 - §307.350)	(\$750,000)	(\$750,000)	(\$750,000)
<u>Revenue reduction</u> - Title penalties (32.095; 144.060)	\$0	\$0	(More than \$100,000)
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(Up to \$750,000)</u>	<u>(Up to \$750,000)</u>	<u>(Up to \$750,000)</u>
HIGHWAY PATROL INSPECTION FUND			
<u>Loss</u> - Inspection sticker fees (SA 1 - §307.500)	<u>(\$375,000)</u>	<u>(\$375,000)</u>	<u>(\$375,000)</u>
ESTIMATED NET EFFECT ON HIGHWAY PATROL INSPECTION FUND	<u>(\$375,000)</u>	<u>(\$375,000)</u>	<u>(\$375,000)</u>

FISCAL IMPACT - State Government (Continued)	FY 2010	FY 2011	FY 2012
STATE ROAD BOND FUND			
<u>Revenue increase - Sales and use tax</u> (§32.095; 144.060)	<u>\$0</u>	<u>\$0</u>	More than <u>\$100,000</u>
ESTIMATED NET EFFECT ON ROAD BOND FUND	<u>\$0</u>	<u>\$0</u>	<u>More than</u> <u>\$100,000</u>
STATE TRANSPORTATION FUND			
<u>Revenue increase - Sales and use tax</u> (§32.095; 144.060)	\$0	\$0	Unknown
ESTIMATED NET EFFECT ON STATE TRANSPORTATION FUND	<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>
STATE ROAD FUND			
<u>Revenue increase - Sales and use tax</u> (§32.095; 144.060)	<u>\$0</u>	<u>\$0</u>	More than <u>\$100,000</u>
ESTIMATED NET EFFECT ON STATE ROAD FUND	<u>\$0</u>	<u>\$0</u>	<u>More than</u> <u>\$100,000</u>

FISCAL IMPACT - State Government
(Continued) FY 2010 FY 2011 FY 2012

SCHOOL DISTRICT TRUST FUND

Revenue increase - Sales and use tax
(§32.095; 144.060) \$0 \$0 More than
\$100,000

**ESTIMATED NET EFFECT ON
SCHOOL DISTRICT TRUST FUND \$0 \$0 More than
\$100,000**

**PARKS, AND SOILS and WATER
FUNDS**

Revenue increase - Sales and use tax
(§32.095; 144.060) \$0 \$0 More than
\$100,000

**ESTIMATED NET EFFECT ON
PARKS, AND SOILS AND WATER
FUNDS \$0 \$0 More than
\$100,000**

FISCAL IMPACT - Federal Government FY 2010 FY 2011 FY 2012

FEDERAL GOVERNMENT

Savings (Cost Avoidance) - Federal
Government (§260.392, 267.750) \$20,272 to \$20,789 to \$21,318 to
\$47,303 \$48,508 \$49,742

**ESTIMATED NET EFFECT ON
FEDERAL GOVERNMENT \$20,272 to \$20,789 to \$21,318 to
\$47,303 \$48,508 \$49,742**

Estimated Net FTE Change for Federal
Funds (.37 to .73) (.37 to .73) (.37 to .73)

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue increase</u> - Cities and counties - Sales and use tax (§32.095; 144.060)	\$0	\$0	Expected to exceed \$100,000
<u>Income</u> - Processing fee income from license contract offices (§136.055)	Expected to exceed \$100,000	Expected to exceed \$100,000	Expected to exceed \$100,000
<u>Income</u> - Cities and Counties- Fees for specialty plates (§301.032, 301.165, 301.3155)	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 LOCAL POLITICAL SUBDIVISIONS	<u>Unknown - Expected to be more than \$100,000</u>	<u>Unknown - Expected to be more than \$100,000</u>	<u>Unknown - Expected to be more than \$100,000</u>

FISCAL IMPACT - Small Business

Small businesses operating as local contract offices could see a decline in revenue from the decrease in processing fees they collect. Organizations could see a positive fiscal impact from contributions to an organization after the initial \$5,000 application fee for the special license plate.

It is estimated that there will be a 750,000 reduction in the number of safety inspections performed annually. The current safety inspection fee is \$12 per vehicle. This is an estimated reduction of safety inspection fees collected by small businesses of \$9 million (750,000 x \$12) annually. Small businesses could also be impacted by a decrease in inspection related repairs.

FISCAL DESCRIPTION

§32.095, 144.060, 144.070 - Motor vehicle dealers as agents

Beginning January 1, 2012, the Director of the Department of Revenue (DOR) may select or appoint any motor vehicle dealer, as such term is defined in chapter 301, RSMo, to act as an agent of the Department of Revenue for the purpose of titling and registering motor vehicles and trailers under chapter 301, RSMo, and collecting sales tax under section 144.070, RSMo.

Beginning July 1, 2010, any motor vehicle dealer licensed under section 301.560, RSMo, engaged in the business of selling motor vehicles or trailers may apply to the DOR for authority to collect and remit the sales tax required under this section on all motor vehicles and trailers sold by the motor vehicle dealer.

§260.392, 267.750 - Transportation of radioactive waste

Shippers of radioactive waste in or through Missouri shall be subject to statutory fees established by the proposed legislation. State-funded institutions of higher education that ship nuclear waste shall be exempt from the fees but such institutions shall reimburse the Missouri Highway Patrol for costs associated with shipment escorts. The fee structure is described in the proposal and the Department of Natural Resources, in coordination with the Departments of Health and Senior Services and Public Safety, may promulgate rules necessary to carry out the provisions of the proposal.

Fees collected under the proposal shall be deposited into the Environmental Radiation Monitoring Fund for use by the Department of Natural Resources for radioactive waste-related activities, including emergency response coordination, environmental remediation oversight, and administrative costs. Any unused balance over \$300,000 in the Fund in any fiscal year shall be returned to the fee payers on a pro-rata basis.

The proposal provides notification requirements for shippers of radioactive waste. Any shipper who fails to pay a fee or to provide notice of a shipment shall be liable for a civil penalty of an amount not to exceed ten times the amount of the original fee assessed and not paid.

The shipping fees and notification requirements, and the Department biennial report, shall sunset six years after the effective date of the section unless reauthorized by the General Assembly.

FISCAL DESCRIPTION (continued)

§301.165, 301.3155 - Specialty license plates

This proposal would provide authorization for the Brain Tumor Awareness Organization and Armed Forces Expeditionary Medal special license plates.

§302.182 - Notation of disabled status on driver's license or non driver's license

This section allows an individual who is permanently disabled to apply to the Department of Revenue (DOR) to have a notation indicating that status on his or her driver's or nondriver's license. DOR will establish the cost and criteria for the placement of the notation.

§302.184 - Notation of boater identification on driver's license or non driver's license

Any resident of this state who possesses a boater identification card issued by the Missouri State Water Patrol may apply to the Department of Revenue to have a notation placed on the person's driver's license or nondriver's license indicating that such person has complied with the provisions of §306.127, RSMo. DOR, by rule, may establish the cost and criteria for placement of the notation.

§565.081, 565.082, 565.083 - Assault of correctional officers and highway zone construction workers

This portion of the proposal expands the crimes of assault of a law enforcement officer, emergency personnel, or probation and parole officer in the first, second, or third degree to include highway construction zone workers and correctional officers.

SA 1 - Fee office contracts (§136.055)

This section requires the Director of the Department of Revenue to award fee office contracts through a competitive bidding process with priority given to school districts or coalitions of school districts, charitable organizations, nonprofit organizations, and political subdivisions.

All fees collected by a tax-exempt organization may be retained and used by the organization.

Senate Amendment 1 - §307.350 - Vehicle Inspections

The proposed legislation would exempt new vehicles from the safety inspection requirement for

FISCAL DESCRIPTION (continued)

the five-year period following their model year of manufacture for the purposes of registration or renewal. Additionally, trucks registered in excess of twenty-four thousand pounds for a period of less than twelve months will be exempt from safety inspections. The exemptions do not include change of ownership or prior salvage vehicles immediately following a rebuilding process.

SA 3 - Sales taxation of trade-in or exchange transactions (§144.025; 144.027) TAKE OUT

Under current law, a taxpayer who trades-in or exchanges a motor vehicle, trailer, boat or outboard motor may subtract the value of such transaction from the purchase price of another motor vehicle, trailer, boat or outboard motor if such sale is consummated within one hundred and eighty days of the sale of the original article. If the value of the original transaction equals or exceeds the sale price, no tax is owed.

This amendment to the proposed legislation allows taxpayers who trade-in or sell a motor vehicle, trailer, boat, or outboard motor for more than the purchase price of another motor vehicle, trailer, boat or outboard motor to apply any excess to any subsequent purchase of such an article within one hundred and eighty days of the original sale of such article. The proposal extends the same treatment to items replaced due to theft, casualty, or loss.

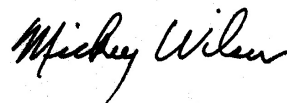
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Courts Administrator
Office of the Secretary of State
 Administrative Rules Division
Office of Attorney General
Department of Natural Resources
Department of Public Safety
 Office of the Director
 Missouri Highway Patrol
 Office of Adjutant General
 Missouri Water Patrol
Department of Revenue
Missouri Department of Transportation
Department of Agriculture

SOURCES OF INFORMATION (continued)

Department of Insurance, Financial Institutions and Professional Registration
Office of Prosecution Services
Department of Elementary and Secondary Education
Department of Corrections
 Missouri Vocational Enterprises
Missouri Veterans Commission
Office of Administration
 Administrative Hearing Commission
State Tax Commission
Department of Health and Senior Services
Department of Social Services
Cities
 Jefferson City
 Centralia
 Kansas City
 West Plains
Counties
 St Louis County
Local Law Enforcement
 Springfield Police Department



Mickey Wilson, CPA
Director
May 1, 2009