

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2253-01  
Bill No.: SB 561  
Subject: Revenue Department; Licenses - Driver's; Licenses - Motor Vehicle; Motor Vehicles; Fees  
Type: Original  
Date: March 13, 2009

Bill Summary: Requires the Department of Revenue to award fee office contracts in a competitive bid process with priority given to school districts competitive bid process with priority given to school districts, charitable and nonprofit organizations, and political subdivisions

**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
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 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>Unknown - Could exceed \$100,000</b>	<b>Unknown - Could exceed \$100,000</b>	<b>Unknown - Could exceed \$100,100</b>

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## FISCAL ANALYSIS

### ASSUMPTION

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 Elementary and Secondary Education (DESE)** assume 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 DOR regarding the fiscal impact. There may be equity issues if only the districts in the counties with fee offices benefit from the revenues.

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.

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 cities of **Centralia** and **West Plains** state this proposal will have no fiscal impact on their respective cities.

Officials from **Cass County**, **Clinton County**, and **St Louis County** indicated this proposal will have no fiscal impact on their respective counties.

ASSUMPTION (continued)

**This proposal was sent to several school districts, none of which responded to a request for fiscal note.**

**Oversight** does not know how many school districts, coalitions of school districts, or political subdivisions would opt to bid for a fee office contract; however, even assuming a small number of contracts awarded, fee income and operating costs are expected to exceed \$100,000 per year.

<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
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**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
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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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<b>EXPECTED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<u>Unknown - Could exceed \$100,000</u>	<u>Unknown - Could exceed \$100,000</u>	<u>Unknown - Could exceed \$100,100</u>
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FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

This proposal 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.

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 Secretary of State  
    Administrative Rules Division

#### Cities

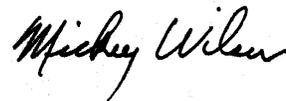
West Plains  
Centralia  
Kansas City

#### Counties

St Louis  
Cass  
Clinton

### **NOT RESPONDING**

#### **School Districts**



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Director  
March 13, 2009