

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4948-13
Bill No.: SS for SCS for HCS for HB 1402 with SA 1, SA 2, SA 3, SA 4, SA 5, SA 6, SA 7, SA 8 & SA 9
Subject: Motor Carriers; Transportation; Transportation Department; Roads and Highways; Motor Vehicles; Licenses - Motor Vehicle; Revenue Department
Type: Original
Date: May 14, 2012

Bill Summary: This proposal modifies provisions relation to transportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Criminal Records Fund	\$25,894	\$25,894	\$25,894
Water Patrol Fund	\$8,500	\$8,500	\$8,500
Total Estimated Net Effect on <u>Other</u> State Funds	\$34,394	\$34,394	\$34,394

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 16 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Financial Institutions and Professional Registration** and **Office of the State Courts Administrator** and each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Office of the State Treasurer** assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of Prosecution Services** and **Office of the State Public Defender** did not respond to our request for fiscal impact.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Department of Transportation** state the enactment of these changes to Missouri's CDL statutes will be necessary to bring this State into compliance with the Federal mandate prescribed by 49 USC Section 31311 (a) (1) and (21), section 31309 (e) (4) and Section 31305 (a) (7); and 49 CFR 383.73 and Section 384.301.

If not enacted, Missouri's federal-aid highway funds are subject to withholding in the amounts of \$30 million the first fiscal year and \$60 million the second year and thereafter.

Oversight assumes Missouri will be in compliance with the mandated provisions and will assign no cost for sanctions.

Officials at the **Missouri Department of Transportation (MoDOT)** assume since the department has not relocated or reset billboards there is no statistical data that is readily available to estimate the cost to reset. Thus an assumption is made with input from an industry representative that it would cost approximately 25% of the billboards value to reset the billboard in actual cost. While it is highly unlikely, but for the purposes of this fiscal note it is assumed that no condemnation action will be necessary to acquire billboards when using the traditional method of acquisition.

It is estimated that the average value of a billboard structure is \$150,000. Using the industry estimate of 25% of the value as an actual cost to reset, the average cost per billboard to reset would be \$37,500.

ASSUMPTION (continued)

It must be noted that the traditional method of purchase allows for salvage of the structure. Salvage values vary by structure; however using the industry's estimates the average salvage values should amount to approximately 50% of the billboards value. Salvage values are typically negotiated and often result in a reduction in salvage value thus a salvage value for the purpose of this exercise will be applied at 25%. An assumption will be made that all billboards acquired using the traditional method will be salvaged by the billboard owner.

Using the above estimates and assumptions the calculations below will show what is estimated as the net fiscal impact to the department:

Calculations under this proposal:

20 billboards x \$37,500 (actual cost to reset) = \$750,000

versus

The traditional method of acquisition/salvage

20 billboards x \$150,000 - \$37,500 (salvage value) = \$2,250,000

Potential Net Savings to the Department = \$1,500,000

These calculations indicate that an estimated \$1,500,000 could be saved under this proposal during FY 2012 - 2016 of the department's current approved STIP.

Oversight assumes there will be no fiscal impact to this proposal. In a previous response to a fiscal note, SB 57, 0374-02 (2009), MoDOT assumed no fiscal impact because they did not believe any savings would be realized until the start of the project and they did not have a time frame for the reconstruction. They also stated the current inventory of billboards along I-70 and I-44 was 2,189 billboards. If 50% were impacted the total billboards impacted would equal 1,095. If 70% were reset the total reset billboards would equal 767. This leaves 328 billboards that would be acquired under the traditional method. The average cost per billboard to reset would be \$37,500. In the previous fiscal note MoDOT currently had no plans for a major reconstruction or rebuild of I-70 or I-44 and did not anticipate the funds becoming available in the next three years for such a large project unless additional funding sources were identified.

In response to a similar proposal from this year, SB 607), Officials at the **St. Louis County** assume that there is no fiscal impact from this proposal.

In response to a similar proposal, SCS for SB 57 (2009), officials at the **City of Columbia** assume there are 68 billboards and if they had to be reset it would cost \$2,860,000.

KC:LR:OD

ASSUMPTION (continued)

Oversight assumes there is no impact from this legislation as there is currently no reconstruction occurring on I-70 or I-44. Oversight assumes that local governments can change their code provisions bringing them in line with this proposed state law and therefore reducing any costs associated with this policy.

In response to a similar proposal from this year, SB 607), officials from the **City of Kansas City** assume there will be no fiscal impact to their agency.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Section 302.341

In response to a previous version, officials from the **Department of Revenue** state this legislation proposes change to meet federal commercial driver license requirements related to failure to appear in court actions. The proposed change indicates these actions cannot be removed from the record upon reinstatement if the applicant was operating a commercial motor vehicle at the time of the offense or is a commercial driver license holder.

This change will require the Department to modify the Missouri Driver License system and supporting applications related to failure to appear actions; and complete end user testing of all changes.

FY13

Administrative Analyst - 80 hrs @ \$16 per hr = \$1,280
Management Analyst Specialist II - 80 hrs @ \$23 per hr = \$1,840

Total=\$3,120

KC:LR:OD

ASSUMPTION (continued)

In response to a previous version, officials from the **Department of Revenue - Information Technology** state in previous fiscal notes the Department estimated the IT costs at 80 hours however, a further cost analysis by the Department has determined the IT cost to be at 40 hours. There will be IT programming (DL) costs for 40 hours of work @ \$26.50 = \$1,060.

In summary, DOR assumes a cost of \$4,180 (\$3,120 + 1,060) in FY 2013 to provide for the implementation of the changes in this section of the proposal.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Section 302.700

In response to a previous version, officials from the **Department of Revenue** state this legislation proposes new definitions and modifications to current definitions related to commercial driver license requirements to comply with Federal Motor Carrier Safety regulations and support the implementation of the federal rule labeled "Medical Certification Requirements as part of the Commercial Driver License (CDL)".

The Department assumes the costs associated with development and implementation of the proposed medical certification program will be absorbed as part of a system upgrade project and through federal funds.

Section 302.768

In response to a previous version, officials from the **Department of Revenue** state this legislation proposes a new section to support the implementation of Federal Motor Carrier Safety Regulation changes defined in a finalized federal rule affecting 49 CFR Parts 383, 384, 390 and 391 labeled "Medical Certification Requirements as part of the CDL". This section requires commercial driver license applicants to complete certain self certifications and submit required medical certification documents when applicable. The state must capture and store data related to drivers who are required to submit proof of medical certification. These certifications must be updated at least every two years based on federal requirements. The state must store and pass this data to law enforcement, commercial motor vehicle enforcement and other states.

ASSUMPTION (continued)

To implement these federal requirements and ensure we maintain compliance with federal commercial driver license regulations the Department must:

- Develop requirements, design and user testing documentation;
- Modify the Missouri Electronic Driver License system and supporting applications to capture and store required driver certifications and medical qualification data as part of commercial driver license transactions and a separate certification update transaction;
- Complete end user testing of all changes;
- Modify the Missouri Commercial Driver License Manual, online and printed version, to include all applicable requirements related to medical certification;
- Modify the Uniform License Issuance Manual and other procedures related to commercial driver license processing;
- Develop a central office process for additional research and correspondence related to medical certification;
- Develop a medical certification renewal process;
- Develop notices related to commercial driver license renewals and downgrades related to medical certification compliance; and
- Develop training programs for internal and external customers related to the new medical certification requirements.

The Department assumes the costs associated with development and implementation of the proposed medical certification program will be absorbed as part of a pending system upgrade project. The Department will continue to seek federal funds to notify Commercial Drivers of the new requirements, however if federal funding is not provided the Department will require the following state funds in order to notify the 300,000 drivers:

FY14

o	Printing Cost (per 1,000)	300 @ .076 =	\$22.80
o	Letters	300,000 @ .025 =	\$7,500.00
o	Envelopes	300,000 @ .04 =	\$12,000.00
o	Postage	300,000 @ .45 =	\$135,000.00

Total = \$154,522.80

In response to a similar proposal from this year, SB 443, DOR stated they have been approved for a federal grant to implement the new federal requirements; however, DOR stated they cannot use the grant monies for notification. Therefore, **Oversight** assumes that DOR is not required by

ASSUMPTION (continued) .

this proposal to notify a licensee of this new federal licensing requirement. The notification upon license renewal could be an option.

Section 302.010, 302.060, 302,309

The Department of Revenue state that in 2011, the average annual request for reinstatements for a five-year revocation were 486, reinstatements for ten-year revocations were 378, and request for limited driving privileges were 313 ($486 + 378 + 313 = 1,177$). For purposes of this fiscal note, officials from the **Department of Public Safety - Missouri Highway Patrol** will use 1,177 as the number of individuals requesting to have their driver's license either reinstated or to request limited driving privileges for FY 13, FY 14 and FY 15.

The charge for each background check processed is \$36.25. Twenty dollars for the state fingerprint check and an additional \$16.25 for the federal check. Total is \$36.25. Of this amount, the state retains the \$20 fee and a \$2 of the federal charge of the \$16.25 for a pass-thru fee. Additionally, if the electronic fingerprint option is used through a third-party vendor, an additional \$12.95 charge will be assessed. This amount is paid directly to the vendor at the time of application.

Estimated Revenue:

1,177 x \$36.25 (state/federal background check) \$42,666

Estimated Expense:

1,177 x \$14.25 (federal background check charge) \$16,772

Section 306.127

Officials from the **Department of Public Safety - Missouri Highway Patrol** states this legislation would require any person or company that rents or sell vessels to issue a temporary boating safety identification card to a nonresident in order to operate a rented vessel or vessel being considered for sale for a period of up to seven days. The cost to purchase a permit is \$9.

Because nonresidents will not be eligible for more than one temporary boating safety identification card, the Highway Patrol states that it would take two FTE approximately 400 hours to design, develop, test and implement the programs and/or databases necessary to implement this legislation. The Patrol will develop this in-house; therefore, any cost associated with the development and implementation will be absorbed by the Patrol.

ASSUMPTION (continued)

Senate Amendment 1

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, Office of the State Courts Administrator, Department of Labor and Industrial Relations**, each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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 Secretary of State's Office for Administrative Rules is less than \$2,500.

The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Senate Amendment 2

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, Office of the State Courts Administrator, Department of Labor and Industrial Relations**, each assume the proposal will have no fiscal impact on their respective organizations.

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Senate Amendment 3

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Senate Amendment 4

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Senate Amendment 5

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ASSUMPTION (continued)

Senate Amendment 6

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Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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Senate Amendment 7

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, Office of the State Courts Administrator, Department of Labor and Industrial Relations**, each assume the proposal will have no fiscal impact on their respective organizations.

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Senate Amendment 8

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Senate Amendment 9

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ASSUMPTION (continued)

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<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
CRIMINAL RECORDS FUND			
<u>Revenue</u> - Missouri Highway Patrol Federal/ State background check	\$42,666	\$42,666	\$42,666
<u>Loss</u> - Missouri Highway Patrol Federal background check charge	(\$16,772)	(\$16,772)	(\$16,772)
ESTIMATED NET EFFECT TO THE CRIMINAL RECORDS FUND	<u>\$25,894</u>	<u>\$25,894</u>	<u>\$25,894</u>
WATER PATROL FUND			
<u>Revenue</u> - Missouri Highway Patrol Temporary Boating Permit	\$9,000	\$9,000	\$9,000
<u>Loss</u> - Missouri Highway Patrol Collection Services	(\$500)	(\$500)	(\$500)
ESTIMATED NET EFFECT TO THE WATER PATROL FUND	<u>\$8,500</u>	<u>\$8,500</u>	<u>\$8,500</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal modifies provisions relation to transportation.

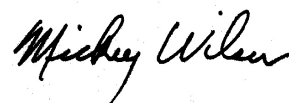
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation
Department of Labor and Industrial Relations
Department of Public Safety
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of the State Courts Administrator
Department of Insurance, Financial Institutions and Professional Registration

NOT RESPONDING

Office of Prosecution Services
Office of the State Public Defender



Mickey Wilson, CPA

L.R. No. 4948-13

Bill No. SS for SCS for HCS for HB 1402 with SA 1, SA 2, SA 3, SA 4, SA 5, SA 6, SA 7, SA 8, SA 9

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Director

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