

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5214-02  
Bill No.: HCS for HB 1329  
Subject: Motor Vehicles; Licenses - Motor Vehicle; Revenue Department  
Type: Original  
Date: February 1, 2012

---

Bill Summary: This proposal revises laws relating to the issuance of temporary permits authorizing the temporary operation of a motor vehicle or trailer by a buyer.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$2,375,763	\$3,023,459	\$3,023,459
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$2,375,763</b>	<b>\$3,023,459</b>	<b>\$3,023,459</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Highway Fund	(\$2,287,788)	(\$2,745,346)	(\$2,745,346)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$2,287,788)</b>	<b>(\$2,745,346)</b>	<b>(\$2,745,346)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<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>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<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>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>(\$207,980)</b>	<b>(\$249,577)</b>	<b>(\$249,577)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

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 **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 **Department of Public Safety - Missouri Highway Patrol, Office of the State Public Defender, Department of Corrections, Office of Prosecution Services and Department of Insurance, Financial Institutions and Professional Registration** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Transportation** state they concur with the Department of Revenue regarding the impact of this proposal.

Officials from the **Department of Public Safety - Director's Office** assume that any cost associated with this proposal can be absorbed with existing resources.

Officials from the **Office of the State Courts Administrator** did not respond to our request for fiscal impact.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR) - Motor Vehicle Bureau (MVB)** state procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,182, the Dealer Operating Manual will need to be revised requiring 40 hours of overtime at a cost of \$1,182, the Missouri Titling Manual will need to be revised requiring 40 hours of overtime at a cost of \$1,182 and the Department's web site will need to be revised requiring 10 hours of overtime for an Administrative Analyst I, at a cost of \$319.

In summary, DOR assumes a cost of \$3,865 ( $\$1,182 + \$1,182 + \$1,182 + \$319$ ) in FY 2013 to provide for the implementation of the changes in this section.

MVB assumes the reference to an "other producer authorized by the director" throughout the proposal indicates the Department may contract with a third party vendor to produce temporary permits. It is uncertain as to what the bid specifications for temporary permits would look like and the bid responses the Department would receive. MVB would contract with a vendor or vendors to produce temporary permits. The vendor(s) would sell temporary permits to dealers for not more than \$5 per permit. The vendor would retain all revenue from the sale of these permits. The dealer would then sell these permits to customers for \$5 per permit and retain all revenue from those sales. The vendor would sell temporary permits to the license office for no more than \$5 per permit. The vendor would retain all revenue from the sale of these permits. The license offices would then sell these permits to customers at \$5 per permit and retain all revenue from those sales. This proposal does not address the fee if the temporary permit is sold by the Department.

As the Department would no longer be required to produce and distribute temporary permits to license offices and dealers, this will result in a cost reduction for producing the temporary permits. It currently costs the Department \$0.0714 to produce one temporary permit from the current contractor. In FY 2011, the Department produced and issued 399,659 temporary permits. By not having to produce temporary permits will result in a cost reduction of \$23,780 in FY 13 (10 Months), \$28,536 in FY 14 and FY 15.

**Section 301.147**

DOR states this section of the proposal would expand the number of commercial motor vehicle owners who will have the option of biennially registering their commercial motor vehicle. Would provide an option to owners of motor vehicles other than commercial motor vehicles licensed in excess of 54,000 pounds.

ASSUMPTION (continued)

The Department assumes there will be an increase in revenue to the highway fund, cities and counties in FY2013 only, due to the biennial registration option being made available to these commercial motor vehicles. Revenue will return to normal in the remaining fiscal years.

Officials from the DOR - **Licenses Office Bureau (LOB)** assume that based on 61,403 temporary permits issued by the license offices during the last fiscal year, the license offices could have to pay in excess of \$307,015 in temporary permit inventory. Today, they pay nothing for this inventory. Although they will recover these fees as they sell the permits, this is a big outlay that could cause a financial burden to the offices. Depending on how this legislation is implemented, the license offices may have to acquire a system or at least access another system in order to issue and print the new temporary permit. This too, could have an unknown impact on the license offices.

**Section 301.140.5**

DOR - **Information Technology - OA-ISTD** will need to develop a method of reporting and tracking temporary permits to the Missouri Uniform Law Enforcement System.

**Section 301.147**

DOR states the Title and Registration Intranet Processing System (TRIPS) would need to be updated to reflect the biennial registration option for commercial motor vehicles registered at 54,000 lbs gross weight and below.

The Department's response to a similar proposal in prior years would have indicated the Department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the Department's motor vehicle legacy systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$139,920. The value of the level of effort is calculated on 5280 FTE hours.

DOR assumes Section 301.140 would require multiple changes to Temporary Permit language. Language does not provide clear direction and could allow for multiple simultaneous solutions. DOR has not identified a single solution or recommendation for implementation. DOR assumes if ITSD is to create new web system to track inventory, issue permits, collect transactional data, allows law enforcement interface they would require 2400 hours for changes (320 database, 1920 web development, 160 UAT).

ASSUMPTION (continued)

DOR states Section 301.147 allows commercial MV's up to 54,000 to be biennially registered. DOR assumes the fiscal impact would be 2880 hours of IT IV (480 hours for changes to GRS records, 560 hours for changes to GRS Renewal programs, 240 hours for changes to KEDS and 1600 hours for changes to TRIPS)

DOR states section 301.559 gives the director of revenue the authority to issue biennial dealer licenses. Per MVB, Biennial licenses would not be issued until new dealer system is in place and therefore there would be no fiscal impact.

Officials from the DOR state this proposal would affect current revenues generated from the sale of temporary permits.

DOR assumes that on the occasion an applicant applies for an extended temporary registration permit the Director would only issue a second permit in very extenuating circumstances. Therefore, any revenue impact generated from the issuance of a second permit would be very minimal.

In FY 2011 the Department sold 399,659 temporary permits. Of those 399,659 temporary permits only 336 were sold by the central office. As a result, only 336 would continue to be state revenues and \$2,994,923 would no longer be state revenue distributed to the highway fund, cities, and counties.

The distribution of the loss of a total of \$2,994,923 from the sales of temporary permits to both dealers and customers by the contract offices is as shown below:

\$5.00 - Highway Fund-	\$1,996,615
\$2.50 - 75% Highway Fund-	\$748,731
15% Cities-	\$149,746
10% Counties-	\$99,831

**Section 301.147**

The Department assumes there will be an increase in revenue to the highway fund, cities and counties in FY2013 only, due to the biennial registration option being made available to these commercial motor vehicles. Revenue will return to normal in the remaining fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Income</u> - Increase from temporary permit fees that had been going to highway and local funds (Section 301.140)	\$2,495,768	\$2,994,923	\$2,994,923
<u>Savings</u> - DOR no longer required to produce and distribute temporary permits (Section 301.140)	\$23,780	\$28,536	\$28,536
<u>Cost</u> - DOR administrative cost_____	(\$143,785)	\$0	\$0
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$2,375,763</u></b>	<b><u>\$3,023,459</u></b>	<b><u>\$3,023,459</u></b>
<b>HIGHWAY FUND__</b>			
<u>Loss</u> - change in funding from Highway Fund to General Revenue (Section 301.140)	(\$2,287,788)	(\$2,745,346)	(\$2,745,346)
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>(\$2,287,788)</u></b>	<b><u>(\$2,745,346)</u></b>	<b><u>(\$2,745,346)</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2013 (10 Mo.)	 FY 2014	 FY 2015
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Loss</u> - Extended temporary permit fee is now going to state General Revenue (Section 301.140)	(\$207,980)	(\$249,577)	(\$249,577)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(\$207,980)</u></b>	<b><u>(\$249,577)</u></b>	<b><u>(\$249,577)</u></b>

### FISCAL IMPACT - Small Business

License offices and dealers would have to purchase temporary permits from the third party vendor for no more than \$5 per permit. The license offices would then sell those permits to citizens at \$5 per permit and retain all revenue generated from such sales.

### FISCAL DESCRIPTION

This proposal authorizes the Director of the Department of Revenue to issue a temporary permit authorizing the temporary operation of a motor vehicle or trailer by a buyer for not more than 30 days from the date of purchase. The temporary permit may be purchased from a dealer upon purchase of a motor vehicle or trailer for which the buyer has registered and is awaiting receipt of license plates for the use or right to use the highways of the state. The fee for the temporary permit cannot exceed \$7.50.

The department director may issue an extended temporary registration permit at his or her discretion for a motor vehicle or trailer while proper title and registration are being obtained.

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

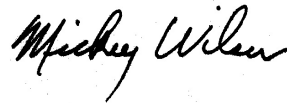


**SOURCES OF INFORMATION**

Department of Revenue  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Transportation  
Department of Public Safety  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Office of Prosecution Services  
Office of the State Public Defender  
Department of Corrections

**NOT RESPONDING**

**Office of the State Courts Administrator**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 1, 2012