

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0626-06
Bill No.: Truly Agreed To and Finally Passed HCS for SS for SB 252
Subject: Licenses - Driver's; Revenue Department
Type: Original
Date: June 11, 2013

Bill Summary: This proposal modifies provisions relating to licenses by the Department of Revenue.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Up to \$138,453)	\$1,733	\$1,733
Total Estimated Net Effect on General Revenue Fund	(Up to \$138,453)	\$1,733	\$1,733

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
WWI Memorial Trust Fund	\$142,992	\$171,590	\$171,590
State Legal Expense Fund	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$142,992 to (Unknown)	\$171,590 to (Unknown)	\$171,590 to (Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Courts Administrator, Department of Social Services, Department of Mental Health, Department of Health and Senior Services, Department of Insurance, Financial Institutions and Professional Registration, Department of Public Safety - Missouri Highway Patrol, Office of the State Treasurer and Missouri Veterans Commission** each assume the proposal will have no fiscal impact on their respective organizations.

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.

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.

§105.711

Officials from the **Attorney General's Office (AGO)** state this proposal adds claims against certain Department of Revenue agents to the list of claims that would be covered by the State Legal Expense Fund (LEF). Such claims could include but are not limited to, for example, employment discrimination or breach of contract claims. The AGO provides legal defense of the LEF, and assumes it would be charged with defending newly covered claims under this proposal. As the number and complexity of such claims are unknown, the AGO assumes the fiscal impact to the AGO is unknown but may exceed \$1 million.

ASSUMPTION (continued)

The AGO will require additional appropriations for such costs.

In addition, the proposal creates a new civil cause of action against a state agency, remedies for which include damages and the recovery of attorney fees (302.065.6, HA 2). The AGO assumes such damages and attorney fees would come out of the LEF and thus further assumes that the AGO would be charged with defending claims brought under this new cause of action. The number and complexity of such claims are currently unknown. The AGO therefore assumes that the fiscal impact of this provision to the AGO is also unknown. The AGO will require additional appropriations for such costs.

Since the number of proceedings that may be brought against the license offices is unknown and the cost of indemnifying the license offices is unknown, **Oversight** will range the cost to the Department of Revenue and to the Attorney General's Office as \$0 or (Unknown).

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** assume the proposed legislation would require the following changes:

MODL: 40 hours
Trips: 64 hours
MORE: 320 hours
MTAS: 80 hours

Fiscal impact is estimated with a level of effort valued at \$20,551 calculated on 504 FTE hours at \$27.05 per hour plus fringe benefits.

301.3031 & 301.3033

Officials from the **Department of Revenue (DOR)** state the following procedures will need to be revised to provide for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY '14.
- The Application for Missouri Title and License (DOR-108) will need to be revised to include an optional donation to the National World War I Museum. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$1,206 in FY '14.

KC:LR:OD

ASSUMPTION (continued)

- The Application for Motor Vehicle License (DOR-184) will need to be revised to include an optional donation to the National World War I Museum. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$1,206 in FY `14.
- The motor vehicle renewal notice will need to be updated to include an optional \$1 donation to the National World War I Museum. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY `14.
- The Department's website will need to be updated to include information on the optional donation to the National World War I Museum. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY `14.
- Require programming to allow for the collection of the donation and the correct distribution. The IT portion of the fiscal impact is estimated with a level of effort valued at \$10,495 calculated on 348 FTE hours.

In summary, DOR assumes a cost of \$14,763 (\$1,206 + \$1,206 + \$1,206 + \$325 + \$325 + \$10,495) in FY 2014 to provide for the implementation of this part of the proposal.

Currently, Section 301.020, RSMo, allows for the optional donations at the time of motor vehicle registration for the following funds with the following amounts collected in FY 12:

\$1 Blindness Education	\$155,291
\$1 Organ Donor	\$191,354

Based on an average of the two optional \$1 donations the Department currently collects, the Department is assuming the following potential collections for the National World War I Museum at Liberty Memorial, of which the Department may retain no more than 1% for administrative costs, resulting in the following:

	<u>FY 14 (10 Months)</u>	<u>FY 15</u>	<u>FY 16</u>
Total collections:	\$144,436	\$173,323	\$173,323
1% DOR (General Revenue):	<u>(\$1,444)</u>	<u>(\$1,733)</u>	<u>(\$1,733)</u>
National WWI:	\$142,992	\$171,590	\$171,590

KC:LR:OD

ASSUMPTION (continued)

In response to a similar proposal from this year (HB 599), officials from the **Missouri Veterans Commission** state the fiscal impact to their organization is unknown.

§ 302.065.2

By December 31, 2013, the Department shall destroy all source documents presented by applicants for a driver or nondriver license after September 1, 2012.

Administrative Impact - Driver License Bureau (DLB)

This legislation requires DLB to:

- Modify all current procedures for review and retention of source documents;
- Modify website information as applicable related to source documents;
- Review and determine changes to Missouri non-commercial and commercial driver manuals for document related changes;
- Define requirements for Missouri Electronic Driver License Central Issuance (MEDLCI) system changes and changes to other supporting applications to remove current scanning processes for imaging source documents;
- Develop test grids for user acceptance testing of all license issuance and supporting system modifications;
- Define requirements for MEDLCI changes to incorporate a checklist process for license offices to indicate what source documents they reviewed for issuance of the transaction;
- Define requirements for MEDLCI changes to update the driver examination screens to include entry fields for scores and examiner information for purposes of supporting the transaction issuance since source documents will not be retained for verification of completed testing and an automated system does not currently exist between MSHP and DOR;
- Requires DLB to define procedures for access to all application images to remove all previously imaged copies of source documents;
- Develop training materials required for internal staff and license office staff; and
- Review and submit administrative rule changes as required regarding source document review and retention.

Driver License Bureau -FY14

Administrative Analyst -	600 hrs @ \$24 00(1 1/2) per hr =	\$14,400
Management Analyst Specialist II -	680hrs @ \$23.00 per hr =	\$15,640
Revenue Band Manager -	160 hrs @ \$30.00 per hr =	<u>\$4,800</u>
		Total = \$34,840

KC:LR:OD

ASSUMPTION (continued)

Personnel Services Bureau FY14		
Administrative Analyst III	40 hrs @ \$22.00 =	\$880
Management Analysis Spec I	160 hrs @ \$20.00 =	<u>\$3,200</u>
		Total = \$4,080

The Department began digital imaging for issuance transaction related information in January 2005. Prior to digital imaging, source documents presented to the Department were microfilmed.

Since September 1, 2012 there are approximately 2,149,588 million pages that could potentially be "source documents". The Department plans to sweep the system to identify all commercial driver license holders to ensure their documents are not destroyed. All documents present with an application for a driver or nondriver license on or after September 1, 2012 will be destroyed. The application appears to meet the definition of a source document as defined in Section 302.065.5, RSMo.

If the application is not considered a source document, each and every one of the 2,149,588 pages will need to be reviewed by DLB staff to determine if they are in fact "source documents". When a source document is found, according to the proposed legislation, the document will need to be destroyed so as to make it irretrievable.

If the Department needs to review each document, the requirement to have all these documents destroyed by December 2013 is administratively and economically not feasible within the current revenue climate. In addition, there is no way to determine how long it may take just to review the 388,729 documents totaling 2,149,588 pages that have been digitally imaged as potential source documents since September 1, 2013, using current personnel. The total impact to review and destroy all source documents is unknown.

OA-ITSD Impact

Staff will need to:

- Create new screens to capture pertinent data;
- Change existing screens;
- Create new programs; and
- Change existing programs.

The level of effort needed to complete these requirements is valued at 560 FTE hours.

The cost for OA-ITSD is \$15,148.

KC:LR:OD

ASSUMPTION (continued)

In summary, DOR assumes a cost of \$54,068 (\$34,840 + \$4,080 + \$15,148) in FY 2014 to provide for the implementation of the changes in this section of this proposal.

§ 302.065.3

This section states that the Department of Revenue shall not scan or retain the certificate of qualification and shall destroy any on record as of December 31, 2013. In addition, the Department employees and agents will not be able to verify the authenticity of the certificate of qualification as that check has been disabled with this provision.

Administrative Impact - Driver License Bureau (DLB)

This legislation requires DLB to:

- Perform programming changes to update the application process to eliminate verification to add or renew a concealed carry endorsement, clerk will just select if customer wants to add and have to enter issue data from certificate to evaluate expiration date based on current CCW endorsement date requirements.
- Retain indicator and send CCW indicator for card printing, however once print info confirmation is returned the record must be updated to remove CCW indicator prior to posting the stored image transaction image files.
- Assume no data will post to MODL and all suspension/revocation related entries will not occur and all related screens will be removed.
- Work with the Office of State Courts Administrators to modify the reporting for concealed carry endorsement suspensions and revocations since we will not be able to take action on an endorsement we do not retain record of.
- Update procedures and website information related to CCW endorsement issuance and updates.

Driver License Bureau - FY 14

Administrative Analyst -	200 hrs @ \$24.00(1 1/2) per hr =	\$4,800
Management Analyst Specialist II -	240 hrs @ \$23.00 per hr =	\$5,520
Revenue Band Manager -	40 hrs @ \$30.00 per hr =	<u>\$1,200</u>
		Total=\$11,520

ASSUMPTION (continued)

Personnel Services Bureau - FY 14

Update Web Page Information - Administrative Analyst III 80 hrs @ \$22.00 = \$1,760

Develop Procedures - Management Analysis Spec I 80 hrs @ \$20.00 = \$1,600

Total = \$3,360

OA-ITSD Impact

Staff will need to:

- Change existing screens;
- Remove existing concealed carry endorsement screens;
- Changes license printing and update process for documents issued with a concealed carry endorsement;
- Modify programs for data sent to law enforcement to remove concealed carry data fields no longer available; and
- Change existing programs.

The level of effort needed to complete these requirements is valued at 360 FTE hours.

The cost for OA-ITSD is \$9,738

In summary, DOR assumes a cost of \$24,618 (\$11,520 + \$3,360 + \$9,738) in FY 2014 to provide for the implementation of the changes in this section of this proposal.

§ 302.065.4

The proposed language indicates the provisions of section 302.065 shall not apply to any document required to be retained under federal motor carrier safety regulations in Title 49, Code of Federal Regulations. This allows the Department to continue review and storage of documents required for issuance of commercial driver license or commercial driver instruction permit documents.

§ 302.065.5

The proposed language defines the term "source documents" as used in this section to mean "original or certified copies, where applicable, of documents presented by an applicant as required under 6 CFR Part 37 to the department of revenue to apply for a driver's license or nondriver's license."

KC:LR:OD

ASSUMPTION (continued)

In addition, this section includes language indicating "Source documents shall also include any documents required for the issuance, renewal, or replacement of driver's licenses or nondriver's licenses by the department of revenue under the provisions of this chapter or accompanying regulations."

The changes within this subsection will require the Department to:

- Modify procedures related to applicants with visual impairments required to present vision examinations in lieu of completing the examination in the license office or when they are unable to meet minimum vision readings when administered the test as part of the driver license or temporary instruction permit application.
- Modify procedures and correspondence related to the review of applications to ensure the correct classification, endorsement and restrictions are issued based on vision examinations, written examination and skills examinations since we would not be able to determine errors made in processing. We would have to initiate correspondence to have the applicant return to the office to present the required documents again to verify the data.
- Modify procedures for verification of lawful status as required under Section 302.063, RSMo, and 302.181, RSMo. The Department would have to deny individuals presenting United States Customs and Immigration Services document for verification of lawful status when such document does not verify during initial check. Per the proposed changes in this section we would be unable to retain copies of the immigration document and any supporting documents for purposes of completing secondary and tertiary status reviews through the verification systems. Applicants would be turned away and required to contact the issuing agency for any status problem resolutions.
- Modify procedures related to verification of eligibility for J88 Hearing Impaired indicator, permanent disability indicators and veteran's indicators.
- Modify procedures related to medical review cases where applicants are required to present additional medical statements to complete their license application process, such as when applicant has had a self reported loss of consciousness.
- Modify forms and manual related to the submission and retention of source documents.
- Modify web site information related to source documents.

ASSUMPTION (continued)

Administrative Impact

Driver License Bureau - FY 14

Administrative Analyst -	200 hrs @ \$24 00(1 1/2) per hr =	\$4,800
Management Analyst Specialist II -	200 hrs @ \$23.00 per hr =	\$4,600
Revenue Band Manager -	80 hrs @ \$30.00 per hr =	<u>\$2,400</u>
	Total =	\$ 11,800

Personnel Services Bureau - FY 14

Update Web Page Information - Administrative Analyst III	160 hrs @ \$22.00 =	\$3,520
Develop Procedures - Management Analysis Spec I	160 hrs @ \$20.00 =	<u>\$3,200</u>
	Total =	\$6,720

In summary, DOR assumes a cost of \$18,520 (\$11,800 + \$6,720) in FY 2014 to provide for the implementation of the changes in this section of this proposal.

§ 302.183.4

The proposed change removes the statement "The provisions of this subsection shall not apply to any data collected, obtained, or retained for a purpose other than compliance with the federal REAL ID Act of 2005." Impact of this section removal is outlined within impact statements for proposed Section 302.065, RSMo.

§ 302.189

The proposed section prohibits the Department of Revenue from using, collecting, obtaining, sharing or retaining biometric data or use of biometric data to produce a driver's license or nondriver's license or to uniquely identify licensees or license applications. The Department assumes this does not prohibit the use of finger print technology for license office clerks to log into their computers.

ASSUMPTION (continued)

Administrative Impact

Driver License Bureau

The changes within this subsection will require the Department to:

- Develop alternate secure log on and override approval procedure (Note, previously a security key enabled use of the driver license application prior to use of the user name and log in requirement, risk of sharing of name and password among co-workers will be higher without fingerprint log on option), develop means of oversight of issuance system users and access levels, develop test grids, testing, procedure updates and training.

Administrative Analyst -	440 hrs @ \$24 00(1 1/2) per hr =	\$10,560
Management Analyst Specialist II -	480 hrs @ \$23.00 per hr =	\$11,040
Revenue Band Manager -	40 hrs @ \$30.00 per hr =	<u>\$1,200</u>
		\$22,800

Personnel Services Bureau

The changes within this subsection will require the Department to:

Update/Develop Procedures - Management Analysis Spec I 40 hrs @ \$20.00 = \$800

OA-ITSD Impact

The changes within this subsection will require the Department to:

160 hours - development and testing, setting up supervisor overrides, password management, lock outs, and resets, plus developing a procedure for staff to set passwords at \$27.05 totaling \$4,328.

In summary, DOR assumes a cost of \$27,928 (\$22,800 + \$800 + \$4,328) in FY 2014 to provide for the implementation of the changes in this proposal.

§ B

The language in this section proposes that the provisions of Section A of this act be in full force and effect upon its passage and approval.

KC:LR:OD

ASSUMPTION (continued)

Due to the amount of system changes and procedure changes required to implement the provisions of this act and the required changes to procedures for the local sheriff's agencies and Missouri State Highway Patrol in regards to verification of certificates for a concealed carry endorsement the Department would be unable to complete all required changes to be effective upon passage and approval.

In addition, the Department is currently in the testing and implementation preparation phase for legislation passed in the 2012 session which is to be effective May 2013.

In summary, DOR assumes the level of effort needed to complete these requirements is valued at \$139,897 (\$14,763 + \$54,068 + \$24,618 + \$18,520 + \$27,928) in FY 2014 to provide for the implementation of the changes in this proposal. **Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some the costs related to this proposal and will therefore range the cost needed to complete these requirements as "Up to \$139,897."

<u>FISCAL IMPACT - State Government</u>	FY 2014	FY 2015	FY 2016
GENERAL REVENUE			
<u>Revenue - DOR §301.3033</u> 1% of Donation for administrative fees	\$1,444	\$1,733	\$1,733
<u>Cost - DOR</u> Administrative expenses to provide for the changes in this proposal	Up to <u>(\$139,897)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Up to <u>\$138,453</u>)	<u>\$1,733</u>	<u>\$1,733</u>

FISCAL IMPACT - State Government FY 2014 FY 2015 FY 2016
 (continued)

**WORLD WAR I MEMORIAL
 TRUST FUND**

Revenue - DOR § 301.3033 \$142,992 \$171,590 \$171,590
 \$1 Donation

**ESTIMATED NET EFFECT TO THE
 WORLD WAR I MEMORIAL
 TRUST FUND** **\$142,992** **\$171,590** **\$171,590**

STATE LEGAL EXPENSE FUND

Cost - AGO §105.711 \$0 or \$0 or \$0 or
 Potential judgements against DOR fee (Unknown) (Unknown) (Unknown)
 offices

**ESTIMATED NET EFFECT TO THE
 STATE LEGAL EXPENSE FUND** **\$0 or** **\$0 or** **\$0 or**
(Unknown) **(Unknown)** **(Unknown)**

FISCAL IMPACT - Local Government FY 2014 FY 2015 FY 2016

\$0 \$0 \$0

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 relating to licenses by the Department of Revenue.

This legislation has an emergency clause.

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
Department of Social Services
Department of Mental Health
Office of the Secretary of State
Office of Administration
Attorney General's Office
Department of Health and Senior Services
Department of Public Safety
Department of Revenue
Office of the State Treasurer
Missouri Veterans Commission
Joint Committee on Administrative Rules



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