

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1424-05
Bill No.: CCS for HCS for SB 254
Subject: Department of Revenue; Licenses - Motor Vehicle ; Alcohol; Licenses - Driver's; Transportation; Crimes and Punishment
Type: Original
Date: May 5, 2015

Bill Summary: This proposal changes laws regarding motor vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Up to \$84,206)	(Up to \$114,536)	(Up to \$83,865)
Total Estimated Net Effect on General Revenue	(Up to \$84,206)	(Up to \$114,536)	(Up to \$83,865)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
WWI MTF	\$700	\$840	\$840
WWII MTF	(\$700)	(\$840)	(\$840)
Highway Fund	(Minimal)	(Minimal)	(Minimal)
Total Estimated Net Effect on <u>Other</u> State Funds	(Minimal)	(Minimal)	(Minimal)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 17 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	0 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	0 FTE	2 FTE	2 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version, officials from the **Department of Public Safety - Missouri Veterans Commission** assumed the proposal will have no fiscal impact on their organization.

Officials from the **Department of Corrections** assume the proposal will have no fiscal impact on their organization.

Section 301.142

Officials from the **Department of Revenue (DOR)** assume this section of the proposal adds "physical therapists licensed pursuant to chapter 334" to the definition of "other authorized healthcare practitioner" for purposes of issuing a disabled person license plate and/or placard.

DOR is to check online with the advisory commission for physical therapists established in section 334.625, when an applicant brings in a signed statement from the physical therapists for a disabled person license plate and/or placard.

DOR states their Motor Vehicle Bureau would have the following administrative impact:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY 2016.
- The Physicians Statement for Disabled Person Plates/Placard (DOR-1776) will need to be revised. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.
- The Application for Missouri Personalized and Special License Plates (DOR-1716) will need to be revised. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.
- The Application for Missouri Military Personalized License Plates (DOR-4601) will need to be revised. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.
- The Application for Disabled Person Placard (DOR-2769) will need to be revised. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.

ASSUMPTION (continued)

- The Application for Missouri Historic or Personalized Historic License Plates (DOR-570) will need to be revised. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY 2016.

In summary, DOR assumes a cost of \$5,580 ($\$890 + \$890 + \$890 + \$890 + \$890 + \$890 + \240) in FY 2016 to provide for the implementation of the changes in this section of the proposal.

Section 301.196

DOR assumes this section of the proposal allows notice of sales submitted electronically to contain the transferor's electronic signature, as defined in Section 432.205, RSMo, or the signatures of the transferee and transferor if not submitted electronically.

It also allows the Department to accept notice of sales even though this may contain minor errors.

Administrative Impact

This language allows the Department to begin accepting notice of sales electronically. The Department is unsure if the capabilities to accept notice of sales electronically will be available in the scope of this fiscal note. The Department has drafted this fiscal response with implementation of FY 2017, but depending on the required programming, the funds may be requested outside the timelines of this proposal.

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY 2017.
- The Titling Manual will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2017.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY 2017.
- MVB user acceptance testing for identified application. 140 hours by a Management Analyst Specialist I at a cost of \$3,142 in FY 2017.

ASSUMPTION (continued)

In summary, DOR assumes a cost of \$5,162 ($\$890 + \$890 + \$240 + \$3,142$) in FY 2016 to provide for the implementation of the changes in this section of the proposal.

Section 301.3097

DOR assume this section of the proposal changes the contribution of the \$10 from the "God Bless America" license plate to the World War I Memorial Trust fund.

DOR states their Motor Vehicle Bureau would have the following administrative impact:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY 2016.
- The Application for Personalized and Special License Plates (DOR-1716) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY 2016.
- Development staff estimate 16 hours at a cost of \$1,296 to update existing software to accommodate changes required by the bill.

In summary, DOR assumes a cost of \$3,316 ($\$890 + \$890 + \$240 + \$1,296$) in FY 2016 to provide for the implementation of the changes in this section of the proposal.

Revenue Impact

DOR also states in FY 2014 there were 84 God Bless America license plates issued where the onetime \$10 donation to the World War II Memorial Fund was collected resulting in \$840 to that fund. Assuming the same number of applicants would apply, the change in Section 301.3097 will result in a shift of revenue to the World War I Memorial Trust Fund in the amount of \$700 in FY 2016 and \$840 in FY 2017 and 2018.

Oversight assumes, for fiscal note purposes only, there will be the same number of applicants, making the \$10 contribution in future fiscal years. This would result in a shift of revenue from the World War II Memorial Trust Fund to the World War I Memorial Trust Fund in the amount of \$700 in FY `16 (10 months) and \$840 in FY `17 and FY `18.

ASSUMPTION (continued)

Section 301.474

DOR assumes this section establishes the "Korea Defense Service Medal" specialty license plate. It will cost an applicant \$15 and the applicant shall make application on a form approved by the Director of Revenue. The director may consult with any organization which represents the interests of persons receiving the Korea Defense Service Medal when formulating the design for the special license plates.

Administrative Impact

The following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$840 in FY `16.
- The Application for Military Personalized License Plates (DOR-4601) will need to be revised to include a new plate type. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$840 in FY `16.
- The Department's web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$230 in FY `16.
- The Department would incur 20 overtime hours for a Revenue Processing Tech II to work with military personnel on the design of the plate and finalizing the design at a cost of \$450 in FY `16.
- The Department would incur 20 overtime hours for a Revenue Processing Tech II to set up the new specialty plate within Motor Vehicle Bureau systems and testing at a cost of \$450 in FY `16.
- The Department would incur 16 hours of programming the new speciality plate type and facilitate the process through the Titling and Registration Internet Processing System. At a cost of \$1,200 in FY `16.

In summary, DOR assumes a cost of \$4,010 ($\$840 + \$840 + \$230 + \$450 + \$450 + \$1,200$) in FY 2016 to provide for the implementation of the administrative changes in this proposal.

ASSUMPTION (continued)

Oversight assumes at least some of these expenses could be absorbed by DOR.

Set-up, Mailing & Plate Manufacturing Cost:

Set-up:

The Department is charged \$215 for the initial set-up of a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY '16.

Mailing:

It is unclear as to how many qualified applicants would apply for these military license plates. DOR has made the assumption that there would be 20% (9,083) of Korean War veterans apply for these plates in the first 3 years with one-third of the 20% (3,028) each year.

It currently costs the Department, on average, \$5.55 to ship a box of 10 sets of plates to license offices once they have completed the manufacturing process through Missouri Vocational Enterprises (MVE).

- DOR assumes the cost to ship 1 box of plates to contract offices in various regions across the state would be \$1,401 in FY '16 (10 months), \$1,724 in FY '17, and \$1,767 in FY '18.

Note: \$5.55 is an average cost, as the cost may decrease or increase based on the weight of the package, the area to which it is being sent, and how many boxes are being sent at one time.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

With 3,028 applications, it would cost \$1,400 in FY '16 (10 months), \$1,723 in FY '17, and \$1,766 in FY '18 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.49).

ASSUMPTION (continued)

Plate Manufacturing:

DOR also pays \$3.50 per flat plate (all specialty and personalized license plates are flat plates). The cost of the plate is taken from Highway Funds. Therefore, DOR assumes a cost to the Highway Fund of \$17,663 (10 applicants x \$3.50 per plate x 2 plates per vehicle - all at 10 months of the first year because of the August 28, 2016 effective date) in FY 2016, \$21,726 in FY 2017, and \$22,269 in FY 2018 (using a 2.5% cost increase in fiscal years 2016 and 2017).

In summary, DOR assumes a cost of \$24,689 (\$4,010 + \$215 + \$1,400 + \$1,401 + \$17,663) in FY '16, \$25,173 (\$1,724 + \$1,723 + \$21,726) in FY '17 and \$25,802 (\$1,767 + \$1,766 + \$22,269) in FY '18 to provide for personnel changes, set-up, mailing and plate manufacturing cost.

Revenue Impact

Assuming 20% (9,083) of Korean War veterans would apply for these plates in the first 3 years with one-third of the 20% (3,028) each year there would be an increase in revenue from the \$15 specialty plate fee of \$37,850 in FY '16 (10 months) and \$45,420 in FY '17 and FY '18 to the General Revenue Fund.

The Department of Revenue provided Oversight with a summary of all specialty license plates available and how many are currently issued per plate. **Oversight** assumes some of the potential applicants for the Korean War Veteran specialty license plate may already have a similar speciality license plate and will not apply for a new one. Oversight assumes approximately 1,000 Korean War Veterans would apply for these plates in the first 3 years with one-third of the 1,000 (333) per year. This would result in fees of \$5,000 (333 x \$15) into the General Revenue Fund and plate costs of \$2,300 (333 x \$3.50 x 2 plates per vehicle) from Highway Funds each year. Oversight considers these amounts to be 'Minimal'.

ASSUMPTION (continued)

Largest group of Specialty License Plates as of 12/15/14:	
Plate Name	Plate Total
Historic Personalized	7,250
Children's Trust Fund	6,841

Similar Specialty License Plates	
Plate Name	Plate Total
Vietnam War	1,515
World War II	91

Potential Subgroups already being used	
Plate Name	Plate Total
Disabled Veteran	6,186
Purple Heart	2,208
Retired Military - Army	1,853
Retired Military - Air Force	1,385
Retired Military - Navy	911
Retired Military - Marine	321

Oversight will estimate a minimal increase in revenue to the General Revenue Fund generated from the \$15 specialty plate fee. Oversight will also estimate a minimal cost for the set-up and processing of specialty license plates to the General Revenue Fund and to the Highway Fund. Oversight assumes the revenue into the General Revenue Fund will at least cover the estimated costs from the proposal, resulting in a positive "Minimal" estimated net effect to the General Revenue Fund.

ASSUMPTION (continued)

Section 302.010(20)

DOR assumes the language in this section creates a definition for a 90-day 'interlock restricted privilege', which allows a person who installs an ignition interlock device (IID) to have a broader scope of driving privileges than those who choose a 60-day restricted privilege without IID.

Administrative Impact

This section will require programming and user acceptance testing of the MODL system along with training of staff.

Administrative Analyst I- 80 hrs @ \$25 (1 ½) per hr =	\$2,000
Management Analyst Spec II- 80 hrs @ \$24 per hr =	\$1,920
Revenue Band Manager I- 40 hrs @ \$27 per hr =	<u>\$1,080</u>
Total =	\$5,000

This section will also require updates to letters, forms, procedures, the department website and the Missouri Driver's Guide.

Administrative Analyst III - 10 hrs @ \$23	\$230
Management Analysis Spec I - 40 hrs @ \$21	<u>\$840</u>
Total =	\$1,070

In summary, DOR assumes a cost of \$6,070 (\$5,000 + \$1,070) in FY 2017 to provide for the implementation of the administrative changes in this proposal.

Section 302.060.2

DOR assumes the language in this section changes the monitoring period of an IID to the last three months of the six-month period. Currently, the monitoring period is for six months. If a person violates within the last three months of the six-month period, the requirement to maintain the IID will be extended until the person completes three consecutive months with no violations.

ASSUMPTION (continued)

Section 302.304.17

DOR also assumes this proposal language changes the monitoring period of an ignition interlock device (IID) to the last three months of the six month IID requirement, currently the monitoring period is six months. If a person violates within the last three months of the six-month period, the period for maintaining the IID will be extended for additional periods of three months until the driver has completed three months with no violations.

Section 302.525.2(3)

DOR assumes proposed language removes the 30-day hard walk period before a Restricted Driving Privilege (RDP) may be issued by the Department to drivers under administrative alcohol suspensions when the driver has a prior alcohol-related enforcement contact outside of 5-years. This will require programming to the Restricted Driving Privilege routine.

Section 302.525.5

DOR assumes the proposed language changes the monitoring period of an IID to the last three months of the six month IID requirement, currently the monitoring period is six months. If a person violates within the last three months of the six-month period, the period for maintaining the IID will be extended for additional periods of three months until the driver has completed three months with no violations.

Section 302.574.10

DOR assumes the proposed language changes the monitoring period of an IID to the last three months of the six month period. Currently, the monitoring period is for six-months. If a person violates within the last three months of the six-month period, the requirement to maintain the IID will be extended until the person completes three consecutive months with no violations.

ASSUMPTION (continued)

Section 302.060, 302.304, 302.525 and 302.574

This section will require programming and user acceptance testing of the MODL system along with training staff.

Administrative Analyst I- 300 hrs @ \$25 (1 ½) per hr =	\$7,500
Management Analyst Spec II- 300 hrs @ \$24 per hr =	\$7,200
Revenue Band Manager I- 160 hrs @ \$27 per hr =	<u>\$4,320</u>
Total =	\$19,020

This section will also require updates to letters, forms, procedures, the department website and the Missouri Driver's Guide.

Administrative Analyst III - 80 hrs @ \$23	\$1,840
Management Analysis Spec I - 80 hrs @ \$21	<u>\$1,680</u>
Total =	\$3,520

Revisions to the Notices of Suspension issued by law enforcement to an alcohol offender, pursuant to Section 302.525, RSMo and 302.574 will be required.

- Print 160,000 new Notices of Suspension
- Replace the supply of forms in central stores - 28,800 Notices.
- Mail 131,200 forms to 656 law enforcement agencies. (656 x 200 forms each= 131,200)

Cost for printing - 160,000 @\$0.12=	\$19,200
Cost for envelopes - 656 @\$0.12=	\$79
Cost for postage - 656 @\$5.48=	<u>\$3,595</u>
Total =	\$22,874

In summary, DOR assumes a cost of \$45,414 (\$19,020 + \$3,520 + \$22,874) in FY 2017 to provide for the implementation of the administrative changes in this proposal.

ASSUMPTION (continued)

Statistics show the Department receives over 200 inquiries daily regarding the IID requirements under current law. Since the required IID installation period could change every three months for an indefinite period of time, each driver may contact the Department numerous times to determine when his or her device may be removed. A Revenue Processing Tech I (RPT I) can answer 100 calls per day. The Department requests at least 2 FTE to handle the additional contacts. If the increase in contact and inquires cannot be handled with the two requested FTE in this fiscal note the Department may require additional FTE(s) through the appropriations process.

Section 302.309.3(4)

DOR assumes this language maintains the requirement for a person, who has more than one intoxication-related alcohol offense, to install an IID prior to the issuance of a limited driving privilege (LDP).

Section 302.309.3(6)

DOR assumes this language removes the following hard walk periods prior to granting a LDP:

- 30-days on Point-Alcohol revocations
- 45-days on Administrative Alcohol revocations
- 90-days on Chemical revocations (first and subsequent offenses)

This language eliminates a person's ineligibility to receive a LDP if the person has been convicted for a felony offense. It allows felony offenders to be eligible for a LDP after a 5-year hard walk period. A DWI court participant is eligible for an LDP immediately.

This language eliminates a person's eligibility for an LDP if they have an Administrative Alcohol suspension or a point alcohol suspension. These offenders can receive the same scope of driving privileges allowed by an LDP if they install an IID and are issued an "interlock restricted privilege" as defined in 302.010.

This section will require programming and user acceptance testing of the MODL system along with training staff.

Administrative Analyst I- 120 hrs @ \$25 (1 ½) per hr =	\$3,000
Management Analyst Spec II- 120 hrs @ \$24 per hr =	\$2,880
Revenue Band Manager I- 60 hrs @ \$27 per hr =	\$1,620
Total =	\$7,500

ASSUMPTION (continued)

This section will also require updates to letters, forms, procedures, the department website and the Missouri Driver's Guide.

Administrative Analyst III - 10 hrs @ \$23	\$230
Management Analysis Spec I - 40 hrs @ \$21	<u>\$840</u>
Total =	\$1,070

In summary, DOR assumes a cost of \$8,570 (\$7,500 + \$1,070) in FY 2017 to provide for the implementation of the administrative changes in this proposal.

Development staff estimate 950.40 hours at a cost of \$71,280 to update existing software to accommodate change required by the bill.

In response to a similar proposal (HB 1176) from this year, officials from the **Department of Public Safety - Missouri Highway Patrol**, the **Office of Prosecution Services**, the **Department of Corrections**, the **Office of the State Public Defender** and the **Office of the State Courts Administrator** each assumed the proposal will have no fiscal impact on their respective organizations.

In summary, DOR assumes a cost of \$1,680 (\$840 + \$840) in FY 2015 to provide for the implementation of the changes in this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Revenue - DOR</u>			
Section 301.474 - Specialty plate fees (\$15 per applicant) - Korea Defense Service Medal	Minimal	Minimal	Minimal
<u>Cost - DOR</u>			
Section 301.474 - Processing costs for specialty plates - Korea Defense Service Medal	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE (continued)			
<u>Cost - DOR</u>			
Personal Service	(\$10,430)	(\$63,832)	(\$53,837)
Fringe Benefits	\$0	(\$13,860)	(\$27,998)
Expense, Equipment, and ITSD	<u>(\$73,776)</u>	<u>(\$36,844)</u>	<u>(\$2,030)</u>
<u>Total Cost - DOR</u>	<u>(\$84,206)</u>	<u>(\$114,536)</u>	<u>(\$83,865)</u>
FTE Change - DOR	0 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Up to \$84,206)</u>	<u>(Up to \$114,536)</u>	<u>(Up to \$83,865)</u>
Estimated Net FTE Change for to the General Revenue Fund	0 FTE	2 FTE	2 FTE
HIGHWAY FUND			
<u>Cost - DOR</u>			
Section 301.474 - Manufacturing Cost (\$3.50 per plate) - Korea Defense Medal	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
WORLD WAR I MEMORIAL TRUST FUND			
<u>Revenue - DOR</u>	<u>\$700</u>	<u>\$840</u>	<u>\$840</u>
Section 301.3097 - \$10 donation			
ESTIMATED NET EFFECT TO THE WORLD WAR II MEMORIAL TRUST FUND	<u>\$700</u>	<u>\$840</u>	<u>\$840</u>

<u>FISCAL IMPACT - State Government</u>	FY 2016	FY 2017	FY 2018
(continued)	(10 Mo.)		

WORLD WAR II MEMORIAL TRUST FUND

<u>Loss - DOR</u>	<u>(\$700)</u>	<u>(\$840)</u>	<u>(\$840)</u>
Section 301.3097 - Loss of \$10 donation			

ESTIMATED NET EFFECT TO THE WORLD WAR II MEMORIAL TRUST FUND	<u>(\$700)</u>	<u>(\$840)</u>	<u>(\$840)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018
	(10 Mo.)		

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

A direct fiscal impact to small business ignition interlock manufacturers and installers would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies provisions relating to motor vehicles.

Sections of the proposal are effective January 1, 2017.

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 Public Safety
Missouri Veterans Commission
Department of Corrections
Department of Revenue
Office of Prosecution Services
Office of the State Public Defender
Office of the State Courts Administrator

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May 5, 2015



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