

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0101-03
Bill No.: Truly Agreed To and Finally Passed CCS for SB 8
Subject: Motor Vehicles; Department of Transportation; Transportation
Type: Original
Date: June 1, 2017

Bill Summary: This proposal modifies provisions relating to transportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$185,814)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$185,814)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Highway Fund	\$107,250	\$128,700	\$128,700
Motor Fuel Tax Fund	\$9,032	\$10,838	\$10,838
Total Estimated Net Effect on <u>Other</u> State Funds	\$116,282	\$139,538	\$139,538

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

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 2018	FY 2019	FY 2020
Local Government	\$35,750	\$42,900	\$42,900

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume the following:

§142.800

This section broadens the definition of delivery to include propulsion energy into the battery or storage device of a motor vehicle.

§142.803

This section imposes a tax on propane gas fuel at five cents per gallon until December 31, 2019. From January 1, 2020 until December 31, 2024, the tax increases to eleven cents per gallon. Beginning January 1, 2025 and thereafter, the tax increases to seventeen cents per gallon. The administration, collection, and enforcement of the tax on propane shall be the same as those governing the state motor fuel tax.

The legislation also includes electricity and propane used for fueling motor vehicles and some other use, in the provision that tax imposed by this section is computed on the entire amount used.

§142.869

This section allows owners of propane powered motor vehicles to use alternative fuel decals in lieu of paying the tax imposed in section 142.803. Subsection 8 exempts propane fueled, compressed natural gas, or liquefied natural gas motor vehicles fueled exclusively at a fueling station that collects state road tax from tax.

Owners of plug-in electric hybrid motor vehicles shall pay one half of the stated annual alternative fuel decal fee. Currently, plug-in electric hybrid vehicles are not required to obtain an alternative fuel decal. This proposal now requires plug-in electric hybrid vehicles with a model year of 2018 and newer to obtain an alternative fuel decal.

All plug-in electric hybrid vehicles with a model year of 2017 and older will continue to be exempt from the alternative fuel decal requirement. The requirement that model year 2018 plug-in electric hybrid vehicles purchase an alternative fuel decal will increase revenues by an unknown amount. Defines a plug-in electric hybrid vehicle as any hybrid vehicle made by a manufacturer with a model year of 2018 or newer, that has not been modified from the original manufacturer specifications, with an internal combustion engine and batteries that can be recharged by connecting a plug to an electric power source for the purposes of this section.

ASSUMPTION (continued)

§301.010

Modifies the definition of a "Local Log Truck" and a "Local Log Truck Tractor".

§301.062

Provides that a local log truck may receive an extended distance local log truck permit for an additional fee of three hundred dollars. A local log truck with an extended distance local log truck permit shall be allowed to transport harvested or processed forest products outside of the one-hundred-mile radius.

Administrative Impact

Section 142.803 states that propane can be measured in gallons or pounds, and electricity is currently measured in watts. The Department would need to establish a gallon equivalent for electricity, plus ensure that propane tax information is submitted in gallons as opposed to tare weight.

This would require updates to computer systems and forms to account for the changes. Additionally, because there is not an emergency clause or other effective date slated for the changes, the Department assumes the changes would be effective August 28, 2017. For licensees, that would mean potentially four days of August would require motor fuel tax on electricity or propane, since licensees report monthly.

Motor Vehicle Bureau (MVB)

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$838 in FY 2018.
- The Special Permits Application (DOR-1275) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$838 in FY 2018.
- The Application for Special Fuel Decal (DOR-2300) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$838 in FY 2018;
- The Notice of Special Fuel Decal Requirement (DOR-3021) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$838 in FY 2018;

ASSUMPTION (continued)

Administrative Impact (continued)

- The Dealer Licensing Manual will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$838 in FY 18.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$226 in FY 2018.
- MVB user acceptance testing for identified system modifications. 80 hours for each system modification for a total of 400 hours by a Management Analyst Specialist I at a cost of \$8,376 in FY 2018.

Currently, plug-in electric hybrid vehicles are not required to obtain an alternative fuel decal. This proposal now requires plug-in electric hybrid vehicles with a model year of 2018 and newer to obtain an alternative fuel decal. All plug-in electric hybrid vehicles with a model year of 2017 and older will continue to be exempt from the alternative fuel decal requirement.

Upon the effective date of this proposal, 2018 model year vehicles will have just started to be released. However, there may be some 2018 models that have been registered and the owners will need to be mailed notices informing them that they are now required to obtain and annually renew a special fuel decal at the required fee for their vehicle type. This number is assumed to be minimal at the time of implementation.

It is assumed the extended distance local log truck permit will be optional within TRIPS (Title and Registration Intranet Processing System) to all local log truck registrations and the permit will expire December 31 of the issuance year. Each applicant may obtain the permit at any time throughout the year and the fee will not be prorated.

It is assumed the permit will be a print-out produced from TRIPS when the \$300 fee is paid and the permit will list pertinent information to the applicant and vehicle. Once the \$300 fee is paid the permit will be provided to the applicant to keep in the vehicle. The permit will not be transferable and will only be valid for the applicant and vehicle it was issued to.

OA-ITSD services will be required at a cost of \$185,814 (2,477.52 hours x \$75 per hour) in FY 2018.

In summary, DOR assumes a cost of **\$198,606** (\$838 + \$838 + \$838 + \$838 + \$838 + \$226 + \$8,376 + \$185,814) in FY 2018.

ASSUMPTION (continued)

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal; therefore, Oversight will reflect a fiscal impact of \$185,814 for IT services in FY 2018.

Revenue Impact

This proposal provides half of the stated annual alternative fuel decal fees will now be collected on plug-in electric hybrid motor vehicles with a model year of 2018 and newer.

As 2018 model year plug-in electric hybrid vehicles will have only begun to be released, the Department is basing this response on the number of 2016* model plug-in electric hybrid vehicles currently registered and assuming the number remains constant for 2018 models. There are potentially 289 plug-in electric hybrid vehicles that will need to obtain alternative fuel decals resulting in an increase to the Motor Fuel Tax fund.

- For passenger motor vehicle, school bus, and commercial motor vehicles with a gross vehicle weight of 18,000 lbs. or less the fee is \$75.

Current number of registered vehicles meeting this classification:
 $289 \times \$37.50$ (one half decal fee) = \$10,838 (annual increase)

- For commercial motor vehicles with a "Farm" designation that are licensed at a gross vehicle weight in excess of 18,000 lbs. but not more than 36,000 lbs. the fee is \$100.

Current number of registered vehicles meeting this classification:
 $0 \times \$50$ (one half decal fee) = \$0

- For commercial motor vehicles without a "Farm" designation that are licensed at a gross vehicle weight in excess of 18,000 lbs. but not more than 36,000 lbs. the fee is \$150.

Current number of registered vehicles meeting this classification:
 $0 \times \$75$ (one half decal fee) = \$0 (increase)

- For commercial motor vehicles with a "Farm" designation that are licensed at a gross vehicle weight in excess of 36,000 lbs. the fee is \$250.

Current number of registered vehicles meeting this classification:
 $0 \times \$125$ (one half decal fee) = \$0

ASSUMPTION (continued)

Revenue Impact (continued)

- For commercial motor vehicles without a "Farm" designation licensed at a gross vehicle weight in excess of 36,000 lbs. the fee is \$1,000.

Current number of registered vehicles meeting this classification:

0 x \$500 (one half decal fee) = \$0

As plug-in electric hybrid vehicles with a model year of 2018 and newer become more common and available to the general public, the revenue impact may increase each year. If the additional number of alternative fuel decal applications is significant enough that it cannot be absorbed by existing staff, additional FTE(s) will be requested through the appropriation process.

*The Department contacted outside sources to identify 2017 model year plug-in electric hybrid motor vehicles, but was unable to receive a response that could be used for fiscal analysis due to time constraints. Therefore, the 2016 model year vehicles were identified and updated to reflect potential 2018 model year vehicles.

DOR notes the fee collected for the issuance of an extended distance local log truck permit would be a new fee and will be distributed to the Highway Fund, Cities, and Counties.

Currently, there are 762 local log trucks registered in the state of Missouri. The Department is assuming 75% (572) of those currently registered will obtain the \$300 permit annually resulting in an increase of \$143,000 FY 2018 (10 months) and \$171,600 in FY 2019 and FY 2020.

	<u>FY 2018 (10 Months)</u>	<u>FY 2019</u>	<u>FY 2020</u>
Amount to distribute	\$143,000	\$171,600	\$171,600
75% Highway Fund	\$107,250	\$128,700	\$128,700
15% Cities	\$21,450	\$25,740	\$25,740
10% Counties	\$14,300	\$17,160	\$17,160

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state this proposal could have an unknown impact on Total State Revenues (TSR) and an impact on the revenue limitation calculation required by the state constitution.

ASSUMPTION (continued)

BAP officials note this proposal would allow owners of alternative fuel vehicles to pay fuel tax on alternative fuels instead of buying an alternative fuel decal. BAP officials also state they cannot estimate how many individuals would choose to pay fuel tax at the pump rather than purchase an alternative fuel decal fee. This proposal could increase TSR by approximately \$11,000 annually.

In addition, BAP officials state extended distance local log truck permits would be available for an additional fee of \$300. Purchase of these permits would increase TSR and 18e by an unknown amount.

For purposes of this fiscal note, **Oversight** will use the DOR's amounts for fiscal impact.

Officials from the **Department of Transportation**, the **Department of Public Safety - Missouri Highway Patrol** and the **Department of Agriculture** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Costs</u> - DOR - IT System changes (p. 5)	<u>(\$185,814)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$185,814)</u>	<u>\$0</u>	<u>\$0</u>
HIGHWAY FUND			
<u>Revenue</u> - 75% - new fee for extended distance local log truck permit (p. 7)	<u>\$107,250</u>	<u>\$128,700</u>	<u>\$128,700</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$107,250</u>	<u>\$128,700</u>	<u>\$128,700</u>
MOTOR FUEL TAX FUND			
<u>Revenue</u> - DOR - Alternative fuel decal fees §142.869 (p. 6)	<u>\$9,032</u>	<u>\$10,838</u>	<u>\$10,838</u>
ESTIMATED NET EFFECT ON THE MOTOR FUEL TAX FUND	<u>\$9,032</u>	<u>\$10,838</u>	<u>\$10,838</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Cities - 15% - new fee for extended distance local log truck permit (p. 7)	<u>\$21,450</u>	<u>\$25,740</u>	<u>\$25,740</u>
<u>Revenue</u> - Counties - 10% - new fee for extended distance local log truck permit (p. 7)	<u>\$14,300</u>	<u>\$17,160</u>	<u>\$17,160</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$35,750</u>	<u>\$42,900</u>	<u>\$42,900</u>

FISCAL IMPACT - Small Business

Businesses operating a local log truck will have the option to pay \$300 to obtain an extended distance permit to operate outside of the 100 mile radius.

FISCAL DESCRIPTION

This proposal would create a graduated tax system for propane fueled vehicles. Fuel tax at rates specified in the proposal would be collected and used for the same purposes as the current state road tax. Propane fueled vehicles could pay the tax or continue to use alternative fuel decals in lieu of paying the tax.

No fuel decal would be required for vehicles that fuel at stations collecting the new tax, but owners of vehicles with alternative fuel decals that choose to obtain fuel at stations where tax is collected would not be able to claim a refund.

This bill allows a local log truck to obtain an extended distance local log truck permit for an additional \$300. This permit allows the truck to transport harvested and processed forest products outside the 100-mile radius at weight limits specified for commercial vehicles.

This bill modifies motor vehicle length regulations to allow for operation of articulated buses of up to sixty feet in length, not including safety bumpers and bicycle storage racks.

In addition, this federal mandate bill makes changes to Missouri law to comply with the Fixing America's Surface Transportation Act of 2015. In its main provisions, the bill:

(1) Changes definitions for specified terms including "automobile transporter," which is now defined as any vehicle combination capable of carrying cargo on the power unit and designed and used for the transport of assembled motor vehicles, including truck camper units; "backhaul" is the return trip of a vehicle transporting cargo or general freight, especially when carrying goods back over all or part of the same route; "Boat transporter," is any vehicle combination capable of carrying cargo on the power unit and designed and used specifically to transport assembled boats and boat hulls and boats may be partially disassembled to facilitate transporting; "towaway trailer transporter combination," is a combination of vehicles consisting of a trailer transporter towing unit and two trailers or semi-trailers, with a total weight that does not exceed 26,000 pounds; and in which the trailers or semi-trailers carry no property and constitute inventory property of a manufacturer, distributor, or dealer of such trailers or semi-trailers; "trailer transporter towing unit," is a power unit that is not used to carry property when operating in a tow-away trailer transporter combination;

FISCAL DESCRIPTION (continued)

(2) Changes the requirements for stinger-steered combination automobile transporters having a length not in excess of 85 may be operated on the interstate highways of this state and such other highways as may be designated by the commission for the operation of such vehicles plus a distance not to exceed 10 miles from such interstate or designated highway. All length provisions regarding stinger-steered automobile combination transporters are exclusive of front and rear overhang, which shall be no greater than a four-foot front overhang and no greater than a six-foot rear overhang;

(3) Allows automobile transporters to transport cargo or general freight on a back-haul, in compliance with weight limitations for a truck-tractor and semitrailer combination as outlined in Section 304.180, RSMo;

(4) Requires any towaway trailer transporter combination vehicle operated upon the interstate and designated primary highway system in this state to have an overall length of not more than 82 feet;

(5) Allows the commission to make specified exceptions regarding additional routes for use by 65 foot combinations, 75 foot stinger-steered combination boat transporters, 80 combination automobile transporters, or 75 foot saddle-mount combinations;

(6) Allows emergency vehicles designed to be used under emergency conditions to transport personnel and equipment and to mitigate hazardous situations to have a maximum gross vehicle weight of 86,000 pounds inclusive of 24,000 pounds on a single steering axle; 32,500 on a single drive axle; 62,000 on a tandem axle; or 52,000 on a tandem rear drive steer axle;

(7) Allows a vehicle operated by an engine fueled primarily by natural gas to operate on state highways in excess of the vehicle weight limits in these provisions by an amount that is equal to the difference between the weight of the vehicle attributable to the natural gas tank and fueling system carried by that vehicle and the weight of a comparable diesel tank and fueling system. The maximum gross vehicle weight of the vehicle operating with a natural gas engine shall not exceed 82,000 pounds; and

(8) Updates language to reflect the State Highways and Transportation Commission.

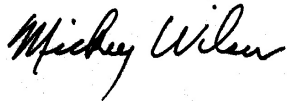
Part of this legislation is federally mandated. However, it would not duplicate any other program and would not require additional capital improvements or rental space.

This proposal contains an emergency clause for sections 304.022 and 307.175.

L.R. No. 0101-03
Bill No. Truly Agreed To and Finally Passed CCS for SB 8
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SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning
Department of Public Safety - Missouri Highway Patrol
Department of Transportation
Department of Agriculture



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