

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1725-03  
Bill No.: HCS for SCS for SB 399  
Subject: Transportation; Motor Vehicles; Department of Transportation  
Type: Original  
Date: May 3, 2017

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Bill Summary: This proposal modifies provisions relating to transportation.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$164,592)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$164,592)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Motor Fuel Tax Fund	\$9,032	\$10,838	\$10,838
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$9,032</b>	<b>\$10,838</b>	<b>\$10,838</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 13 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

#### Bill As a Whole

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

Officials from the **Department of Transportation (MoDOT)** assume this proposal will have no fiscal impact on their organization, with the possible exception of the changes to Section 142.800. MoDOT defers to DOR on this section, as it involves taxation of motor fuel. The language concerning automobile transporters will protect federal funds from withholding as the result of possible noncompliance as determined by the Federal Highway Administration.

Officials from the **Department of Revenue (DOR)** state the following regarding this proposal:

#### §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.

ASSUMPTION (continued)

§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.

§301.213

Proposes to increase a dealer bond, from \$25,000 to \$50,000, the size of the bond motor vehicle dealer license applicants are required to post to receive a license.

§301.559.3(1)

Proposes to add the applicant's regular business hours, phone number, and email address to the information required to be submitted on an application, and includes language to accommodate application of business entities that are formed as a limited liability company (LLC) instead of a partnership or corporation.

§301.560.1(1)

Would allow a Department of Revenue employee to certify that the applicant has a bona fide established place of business.

§301.560.1(1)

Allows applicants to maintain a cell phone number and maintain an email address that can be used for official correspondence with the Department.

*Administrative Impact*

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;

ASSUMPTION (continued)

Administrative Impact (continued)

- 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;
- 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; and
- MVB user acceptance testing for identified system modifications. 80 hours for each system modification for a total of 240 hours by a Management Analyst Specialist I at a cost of \$5,026 in FY 2018.
- OA-ITSD services will be required at a cost of \$164,592 (2,194.56 hours x \$75 per hour) in FY 2018.

In summary, DOR assumes a cost of **\$173,196** ( $\$838 + \$838 + \$838 + \$838 + \$226 + \$5,026 + \$164,592$ ) 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.

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 \$164,592 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.

§68.075

In response to a similar proposal from 2017 (HB 811, LR # 1732-01), officials at the **Missouri Department of Transportation, Department of Revenue, Office of the State Treasurer, Joint Committee on Administrative Rules** and the **Office of the Secretary of State** assumed there would be no fiscal impact from this proposal.

In response to a similar proposal from 2017 (SB 302, LR # 0850-03), officials at **Department of Economic Development** assumed there would be no fiscal impact from this proposal.

**Oversight** notes the Advanced Industrial Manufacturing Zone Act (AIM) was enacted on August 28, 2016 (SB 861) and currently has no participants. It established the Port Authority AIM Zone Fund that is to consist of 50% of the state withholding tax from new jobs within the zone after development or redevelopment plans. The money in the fund must be used for expenses to continue expanding, developing, and redeveloping zones identified by the port authority. Currently the Fund has not been set up, since there are no participants in the program.

**Oversight** notes this proposal defines "county average wage" and clarifies the port authority's jurisdiction. Oversight notes this proposal states that if the county average wage is above the statewide average wage then the statewide average wage is the wage used for determining eligibility.

ASSUMPTION (continued)

This county average wage definition is used when determining if employees that work less than fifty percent of the time in the facility are considered employees of the facility.

**Oversight** notes that this change could make it easier for new jobs to qualify for the fifty percent of state tax withholding being diverted from the state's General Revenue Fund (GR). However, since Oversight reflected a \$0 or (Unknown) loss of GR revenue in the fiscal note for SB 861 in 2016, and since there are currently no participants in the program, Oversight will not reflect a fiscal impact from the changes in this bill.

§§142.800, 142.803, 142.869

In response to a similar proposal from 2017 (HCS for HB 694, LR # 1298-03), officials from the **Office of Administration - Division of Budget and Planning (BAP)** stated 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.

BAP officials noted 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 stated they cannot estimate how many individuals would choose to pay fuel tax at the pump rather than purchase an alternative fuel decal fee.

In addition, BAP officials stated they do not have enough information to determine how many individuals would purchase a decal and pay fuel tax at unmanned pumps. Therefore, BAP officials assume this proposal may have an unknown minimal impact on TSR.

In response to a similar proposal from 2017 (HCS for HB 694, LR # 1298-03), officials from the **Office of the Secretary of State (SOS)** noted 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 SOS 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, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.



ASSUMPTION (continued)

**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.

In response to a similar proposal from 2017 (HCS for HB 694, LR # 1298-03), officials from the **Joint Committee on Administrative Rules** stated this legislation is not anticipated to cause a fiscal impact to their organization beyond its current appropriation.

In response to a similar proposal from 2017 (HCS for HB 694, LR # 1298-03), officials from the **Missouri Department of Agriculture** and the **Department of Natural Resources** assumed this proposal would have no fiscal impact on their respective organizations.

§§287.020, 287.040, 288.035

**Oversight** notes the removal of the reference of “subdivision (42) of...” is the only change in these sections. Oversight assumes these changes will not cause a fiscal impact to any agency.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DOR - IT System changes (p. 5, 6)</u>	<u>(\$164,592)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$164,592)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>MOTOR FUEL TAX FUND</b>			
<u>Revenue - DOR - Alternative fuel decal fees §142.869 (p. 6)</u>	<u>\$9,032</u>	<u>\$10,838</u>	<u>\$10,838</u>
<b>ESTIMATED NET EFFECT ON THE MOTOR FUEL TAX FUND</b>	<b><u>\$9,032</u></b>	<b><u>\$10,838</u></b>	<b><u>\$10,838</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses which operate alternative fuel vehicles.

### FISCAL DESCRIPTION

This proposal allows port authorities to establish an advanced industrial manufacturing zone on property they control and to expand such zones by resolution.

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 proposal increases, from \$25,000 to \$50,000, the size of the bond motor vehicle dealer license applicants are required to post to receive a license. It also provides that the Department of Revenue may stagger the licenses' expiration dates in order to equalize the workload. This proposal also adds the applicant's regular business hours, phone number, and email address to the information required to be submitted on an application, and includes language to accommodate application of business entities that are formed as a limited liability company (LLC) instead of a partnership or corporation.

This proposal also provides that the Director of Revenue may allow a Department of Revenue employee, rather than a uniformed member or employee of the Highway Patrol, to make the required certification that the applicant has a bona fide established place of business.

This proposal requires applicants to maintain a phone number that allows the applicant to be contacted during business hours, and an email address that can be used for official correspondence with the Department.

Furthermore, this proposal removes certain exemptions for providing with a used vehicle dealer's license application proof that the applicant has completed a Department-approved education seminar within the preceding 12 months.

FISCAL DESCRIPTION (continued)

This proposal modifies the circumstances under which the Department of Revenue may cause a complaint to be filed with the Administrative Hearing Commission against an applicant or license holder to include non-fulfillment of terms of license probation.

This proposal specifies that certain involvement with a business entity, the license of which was revoked or suspended for cause and not reissued, or that was placed on a non-fulfilled probationary period, is considered cause for license suspension or revocation. Orders of suspension or renewal may give licensees 5 days to accept terms of probation in lieu of a suspension or revocation. Settlement agreements between the licensee may entail issuance of a license for a period less than one year.

This proposal also specifies requirements for off-premise events, including criteria that must be met in order to be approved by the Director of the Department of Revenue, such as how long the events may be, how many events each licensed dealer may host, locations at which the events may be held, participation fee requirements, requirements for notice to other dealers, and an application time-line.

This bill changes what entity may designate the roads on which a 14-foot length limit applies; and who shall issue permits for the movement of sludge disposal units, pump trucks, well-driller's equipment, and utility wires, poles, and equipment; from the chief engineer of MODOT to the state Highways and Transportation Commission. This bill also provides that stinger-steered combination automobile transporters up to 80 feet long may be operated on or within 10 miles of interstates and other highways designated by the state Highways and Transportation Commission, and that automobile transporters may carry cargo on a back-haul, so long as it complies with weight limitations for regular tractor-trailers. No tow-away trailer transporter combination vehicles operating on the interstate or designated primary highway system shall exceed a length of 82 feet. This bill also prescribes separate weight limits for emergency vehicles, and for vehicles powered by natural gas.

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:

FISCAL DESCRIPTION (continued)

(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;

(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;

FISCAL DESCRIPTION (continued)

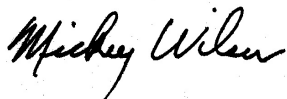
(7) Allows a vehicle operated by an engine fueled primarily by natural gas to operate on state highways in excess of the vehicle weight limits in these provisions by an amount that is equal to the difference between the weight of the vehicle attributable to the natural gas tank and fueling system carried 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.

SOURCES OF INFORMATION

Department of Transportation  
Department of Public Safety - Missouri Highway Patrol  
Department of Revenue  
Department of Labor and Industrial Relations  
Department of Insurance, Financial Institutions and Professional Registration  
Office of Administration - Budget and Planning  
Joint Committee on Administrative Rules  
Office of the Secretary of State  
Department of Agriculture  
Department of Natural Resources  
Department of Corrections  
Office of Prosecution Services  
Office of the State Treasurer  
Office of the State Public Defender



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