

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5773-05
Bill No.: HCS for SS for SB 881
Subject: Transportation; Licenses - Driver's; Motor Vehicles; Licenses - Motor Vehicle
Type: Original
Date: April 24, 2018

Bill Summary: This proposal modifies provisions relating to transportation.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-------------------------------------|---------------------------|---------------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| General Revenue | Could exceed (\$135,448) | Less than \$15,436 | Less than \$15,436 |
| Total Estimated Net Effect on General Revenue | Could exceed (\$135,448) | Less than \$15,436 | Less than \$15,436 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| Emergency Bridge Repair and Replacement Fund | \$0 or Unknown | \$0 or Unknown | \$0 or Unknown |
| State Road Fund | Could exceed \$100,000 | Could exceed \$100,000 | Could exceed \$100,000 |
| Total Estimated Net Effect on <u>Other</u> State Funds | Could exceed \$100,000 | Could exceed \$100,000 | Could exceed \$100,000 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 16 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| 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 2019 | FY 2020 | FY 2021 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

§21.795

In response to a similar proposal from 2018 (HB 2268), officials from the **Department of Transportation (MoDOT)** assumed the proposal would have a potential unknown positive impact less than \$100,000 per year on the Department. This proposal removes the statutory description of the report in section 21.795.2(1) RSMo. The proposal would instead require MoDOT to present copies of the Citizen's Guide to Transportation Funding in Missouri, the Financial Snapshot, and MoDOT Results: Accountability. Innovation. Efficiency.

Oversight will reflect a fiscal impact of "Less than \$100,000" to the State Road Fund for the savings MoDOT will incur from removing the required pieces of the report in statute and instead submitting a copy of the reports MoDOT has already been publishing.

§§71.012 and 71.015

Oversight notes this section changes the law regarding annexation procedures. Oversight assumes there will be no fiscal impact from this section of the proposal.

§226.228

In response to a similar proposal from 2018 (HB 2153), officials from the **Department of Transportation** assumed the fiscal impact of this proposal was unquantifiable at the time; however, this proposal would create a potential revenue stream at the discretion of the General Assembly.

In response to a similar proposal from 2018 (HB 2153), officials from the **Office of Administration - Budget and Planning (B&P)** assumed this proposal would impact General Revenue (GR) expenditures to the extent the General Assembly appropriates existing GR monies to the fund.

In response to a similar proposal from 2018 (HB 2153), officials from the **Office of the State Treasurer** and **Department of Revenue** each assumed the proposal would have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

Oversight will reflect the fiscal impact as \$0 (no General Revenue monies appropriated to the new fund) or an "Unknown" (unknown amount of General Revenue monies appropriated) to the Missouri Emergency Bridge Repair and Replacement Fund.

§§226.770 and 226.780

Oversight notes these sections allows state funds to be expended on recreational and rest areas to ensure compliance with certain federal regulations. Oversight assumes there will be no fiscal impact from this section of the proposal.

§227.218

In response to a similar proposal from 2018 (HB 2151), officials from the **Department of Transportation** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal from 2018 (HB 2151), officials from the **Office of Administration - Budget and Planning** assumed the sale or lease proceeds for naming rights for segments of highways/bridges would qualify as Total State Revenue (TSR). The sale or lease proceeds of naming rights for segments of highways/bridges would impact the calculation under Article X, Section 18(e). BAP defers to MoDOT for an estimate of revenues that could result from this proposal.

Oversight assumes there could be an unknown amount of revenue generated from the sale of naming rights for highways and bridges to the State Road Fund. Oversight also assumes there will be an unknown amount of costs to MoDOT associated with managing the sale of naming rights.

§227.240

In response to a similar proposal from 2018 (SB 598), officials from the **Department of Transportation** and **Department of Economic Development - Public Service Commission, Department of Economic Development - Office of Public Counsel** and **Department of Economic Development - Division of Energy** each assumed the proposal would have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

§§301.010, 301.067, 301.074, 301.075, 301.140, 301.145 & 307.350

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

§301.010(27)

Changes the definition for "Local Log Truck".

§301.010(49)

Adds definition for "recreational trailer".

§301.067

Allows registration fees for "recreational trailers" to be payable in May of each year beginning August 28, 2018. Any fee that would have been due in December 2018 shall be deferred until May 2019. A "recreational trailer" means a trailer used for the purpose of providing temporary housing quarters.

§301.074

Removes the limitation of one set Disabled Veteran license plates.

§301.075

Allows for the first set Disabled Veteran license plates to be at no fee, but any subsequent sets of plates issued will be subject to regular registration fees and the fee required for a personalized license plate.

§301.145

Allows for the Department to waive the \$15 personalization fee for Congressional Medal of Honor license plates.

§307.350

Proposes that a vehicle purchased from a motor vehicle dealer and a safety inspection was performed within sixty days of the purchase date, the new owner shall be able to utilize the safety inspection within thirty days after the sale of the vehicle.

ASSUMPTION (continued)

Administrative Impact

Currently, the Department can only issue one set of Disabled Veteran license plates to a qualified applicant. The applicant is not charged a fee for registration or the personalized plate. Under the proposed legislation, the first set of plates will remain at no fee. Any subsequent set of plates issued will be subject to the required registration fees and personalized plate fees.

The Department will be able to waive the \$15 personalization fee for Congressional Medal of Honor license plates. There are currently only two Congressional Medal of Honor license plates in use.

To implement the proposed legislation, the Department will be required to:

- Update procedures, specialty or military license plate charts, correspondence letters, and the Department website;
- Update the Application for Missouri Military Personalized License Plates (DOR-4601);
- Update the license plate rejection language;
- Update the titling manual; and
- Complete programming and user acceptance testing of required systems.

FY 2019 - Motor Vehicle Bureau

| | | |
|----------------------------|----------------------------|------------|
| Management Analysis Spec I | 560 hrs. @ \$18.42 per hr. | = \$10,315 |
|----------------------------|----------------------------|------------|

FY 2019 - Personnel Services Bureau

| | | |
|----------------------------|----------------------------|------------|
| Management Analysis Spec I | 120 hrs. @ \$18.42 per hr. | = \$ 2,210 |
| Administrative Analyst III | 30 hrs. @ \$19.43 per hr. | = \$ 583 |
| Total | | = \$ 2,793 |

Total Costs **\$ 13,108**

Plate manufacturing costs:

The Department pays \$3.75 per plate (\$7.50 per set) for manufacturing flat plates through Missouri Vocational Enterprises.

Based on 2,416 additional sets of disabled veteran license plates issued, the cost to the Department equals \$15,100 (10 months) in FY 2019, \$18,120 in FY 2020, and \$18,120 in FY 2021.

ASSUMPTION (continued)

Administrative Impact (continued)

Mailings:

The Department currently pays on average \$5.55 to ship a box of 10 sets of plates to the contract offices once they have completed the manufacturing processing. The cost to mail the boxes of additional plates to the contract offices would equal \$1,120 in FY 2019, \$1,343 in FY 2020, and \$1,343 in FY 2021.

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.

The Department would incur additional postage cost for mailing notifications to those applicants notifying them that their plates are ready for pick up at the respective license office. The cost for mailing notifications to applicants equals \$1,117 in FY 2019, \$1,341 in FY 2020, and \$1,341 in FY 2021. This cost includes \$0.04 for envelopes, \$0.025 for letters, and \$0.49 for postage.

FY 2019 - Mailing Cost to Dealers

The Department would need to notify 6,174 dealers regarding the change to the usage of a safety inspection at the cost of the Motor Vehicle Commission Fund.

| | |
|-----------------|--|
| 6,174 | Licensed Dealers |
| <u>x \$.025</u> | Cost per letter |
| \$ 154 | Cost for letters |
| 6,174 | Licensed Dealers |
| <u>x \$.04</u> | Cost per envelopes |
| \$ 247 | Cost for envelopes |
| 6,174 | Licensed Dealers |
| <u>x \$.49</u> | Postage per letter |
| \$3,025 | Cost for postage |
| \$3,426 | Total Cost for Letters and Mailings in FY 2019 |

OA-ITSD services will be required at a cost of \$148,311 (1,977.48 hours @ \$75 per hour) in FY 2019.

ASSUMPTION (continued)

Administrative Impact (continued)

In summary, DOR assumes a cost of \$182,182 (\$13,108 + \$15,100 + \$1,120 + \$1,117 + \$3,426 + \$148,311) in FY 2019, a cost of \$20,804 (\$18,120 + \$1,343 + \$1,341) in FY 2020 and FY 2021.

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 \$165,648 for IT services and mailing costs in FY 2019 and \$20,804 in FY 2020 and FY 2021. Oversight will not reflect the mailing costs associated with the Motor Vehicle Commission fund as it is minimal.

Revenue Impact

The applicant is required to pay the registration fees whether obtaining a disabled veteran plate or other type of plate. Therefore, the Department will not see an increase in registration fees collected. Assuming the applicant would not otherwise apply for another specialty or military license plate and pay the \$15*, there may be an increase in the amount of specialty plate fees collected and distributed to General Revenue.

There are currently 8,054 disabled veteran license plates currently in use. The average household owns 1.5 vehicles. This legislation will result in an increase of disabled veteran license plates issued. We are basing this response on 30% of applicants applying for an additional set of disabled veteran license plates, which will result in an additional 2,416 sets of disabled veteran license plates issued and an increase of \$36,240 fees collected.

| <u>FY 2019</u> (10 Months) | <u>FY 2020</u> | <u>FY 2021</u> |
|-------------------------------|----------------|----------------|
| \$30,200 | \$36,240 | \$36,240 |

*By way of example, if an applicant has a set of disabled veteran license plates on one vehicle and Army license plates on another vehicle (of which the \$15 is collected); then the applicant wants to replace the Army license plates with a second set of disabled veteran license plates, there will not be an increase in the \$15 collected.

ASSUMPTION (continued)

Revenue Impact (continued)

If an applicant has a set of disabled veteran license plates on one vehicle and stock license plates on another vehicle (of which the \$15 is not collected); then the applicant wants to replace the stock license plates with a second set of disabled veteran license plates, there will be an increase in the \$15 collected.

There are currently only two "Congressional Medal of Honor" license plates in use. The revenue impact would be minimal to waive the \$15 personalization fee.

§302.170

In response to a similar proposal from 2018 (HB 2681), officials from the **Department of Revenue, Department of Transportation** and **Department of Public Safety - Missouri Highway Patrol** each assumed the proposal would have no fiscal impact on their respective organizations.

§304.180

In response to a similar proposal from 2018 (SB 683), officials from the **Department of Transportation** assumed the proposal would have an unknown fiscal impact on their organization.

The base fee for a single trip permit for cranes, concrete pumps and well drilling equipment is \$15. If the load is overweight, the charge is the base fee of \$15, plus \$20 for each 10,000 lbs. or portion thereof over legal gross weight for the particular configuration. The fee for an annual blanket for concrete pump or well drilling equipment is \$300. Blanket permits are pro-rated quarterly. Below is a chart showing the number of permits issued and the total fees collected for the period of November 1, 2016 through November 30, 2017.

ASSUMPTION (continued)

| Type | Total Number of Permits Issued | Total Fees Collected |
|---|--------------------------------|----------------------|
| Concrete Pump (single trip and blanket permits) | 449 | \$200,361 |
| Well Drilling Equipment (blanket*) | 19 | \$3,391 |
| Crane (single trip) | 7,096 | \$726,384 |
| Total | 7,564 | \$930,136 |

* No single trip permits for well drilling equipment were issued.

The fiscal impact of this proposal is unknown at this time due to the following reasons:

- The price of the blanket permit for cranes will not be determined until after the bill passes, as the bill leaves this up to the Highways and Transportation Commission.
- The parameters of the size, weight and dimensions of which cranes will be allowed to purchase blanket permits is unknown until the bill passes and the parameters are decided upon. Some cranes will be of a size or weight that will most likely require individual trip permits and others can obtain the yearly blanket permit.

In response to a similar proposal from 2018 (SB 683), officials from the **Department of Revenue** and **Office of Administration - Facilities Management, Design and Construction** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight will reflect the fiscal impact of this proposal as a positive “Unknown” to the State Road Fund as the number of permits and the dollar amount of the annual permits is unknown until the Highways and Transportation Commission makes those determinations. Oversight assumes the Commission will set the annual rate to equal or exceed the revenue collected for single trip permits.

ASSUMPTION (continued)

§304.190

In response to a similar proposal from 2018 (HB 2385), officials from the **Department of Transportation, Department of Revenue, Department of Economic Development - Division of Energy, Department of Economic Development - Public Service Commission, Department of Economic Development - Office of Public Counsel, Department of Economic Development - Business and Community Services** and the **City of Kansas City** each assumed the proposal would have no fiscal impact on their respective organizations.

§307.175

In response to a similar proposal from 2018 (SS #2 for SCS for SB 1050), officials from the **Department of Transportation** and **Department of Public Safety - Missouri Highway Patrol** each assumed the section would have no fiscal impact on their respective organizations.

Bill as a Whole

Officials from the **Department of Agriculture, Department of Health and Senior Services, Department of Natural Resources** and **Missouri Senate** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Missouri House of Representatives** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposals from 2018, officials from the **Office of the Secretary of State (SOS)** assumed 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.

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

ASSUMPTION (continued)

regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to a similar proposals from 2018, officials from the **Joint Committee on Administrative Rules** stated that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

| <u>FISCAL IMPACT - State Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|--|--|--------------------------------------|--------------------------------------|
| GENERAL REVENUE FUND | | | |
| <u>Revenue</u> - DOR - increase in license plate fees for disabled veteran plates (§§301.074 & 301.075) p. 8 | \$30,200 | \$36,240 | \$36,240 |
| <u>Cost</u> - DOR - IT services p. 7 | (\$148,311) | \$0 | \$0 |
| <u>Cost</u> - DOR - disabled veteran license plates (§§301.074 & 301.075) p. 6 | (\$15,100) | (\$18,120) | (\$18,120) |
| <u>Cost</u> - DOR - mailing costs (§§301.074 & 301.075) p. 7 | (\$2,237) | (\$2,684) | (\$2,684) |
| <u>Transfer Out</u> - Transfer to Emergency Bridge Repair and Replacement Fund (§226.228) p. 3-4 | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> | \$0 or <u>(Unknown)</u> |
| ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND | Could exceed <u>(\$135,448)</u> | Less than <u>\$15,436</u> | Less than <u>\$15,436</u> |

| | | | |
|--|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> (continued) | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|--|---------------------|---------|---------|

**EMERGENCY BRIDGE REPAIR
 AND REPLACEMENT FUND**

| | | | |
|---|-----------------------|-----------------------|-----------------------|
| <u>Transfer In</u> - Transfer from General Revenue or from other eligible sources (§226.228) p. 3-4 | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> |
|---|-----------------------|-----------------------|-----------------------|

| | | | |
|---|------------------------------|------------------------------|------------------------------|
| ESTIMATED NET EFFECT ON THE EMERGENCY BRIDGE REPAIR AND REPLACEMENT FUND | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> |
|---|------------------------------|------------------------------|------------------------------|

STATE ROAD FUND

| | | | |
|--|---------|---------|---------|
| <u>Revenue</u> - MoDOT - sale or lease proceeds of naming rights of highways/bridges (§227.218) p. 4 | Unknown | Unknown | Unknown |
|--|---------|---------|---------|

| | | | |
|--|---------|---------|---------|
| <u>Revenue</u> - MoDOT - addition of annual permits for construction cranes (§304.180) p. 9-10 | Unknown | Unknown | Unknown |
|--|---------|---------|---------|

| | | | |
|---|---------------------|---------------------|---------------------|
| <u>Savings</u> - MoDOT - submission of reports already being published (§21.795) p. 3 | Less than \$100,000 | Less than \$100,000 | Less than \$100,000 |
|---|---------------------|---------------------|---------------------|

| | | | |
|--|------------------|------------------|------------------|
| <u>Cost</u> - MoDOT - administrative costs to manage program (§227.218) p. 4 | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
|--|------------------|------------------|------------------|

| | | | |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| ESTIMATED NET EFFECT ON THE STATE ROAD FUND | <u>Could exceed \$100,000</u> | <u>Could exceed \$100,000</u> | <u>Could exceed \$100,000</u> |
|--|--------------------------------------|--------------------------------------|--------------------------------------|

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|---|---------------------|---------|---------|

| | | | |
|--|------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|--|------------|------------|------------|

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill removes the Section 21.795, RSMo, requirements involving details for financial reports submitted by the Department of Transportation to the Joint Committee on Transportation Oversight. In lieu of extremely lengthy and detailed mandated reporting, three annually produced publications from the department will be provided to the committee.

This bill creates the "Emergency Bridge Repair and Replacement Fund," which consists of funds from General Revenue to the Department of Transportation for accelerated bridge replacements or immediate repairs to bridges in critical disrepair, subject to appropriation.

This bill enables the Missouri Highways and Transportation Commission to issue requests for the sale or leasing of naming rights of particular highways or bridges. The sale or lease shall go to the best qualified bidder, and be approved by both the commission and the Joint Committee on Transportation Oversight. A naming rights contract or lease may be disapproved for any reason, and shall not exceed 10 years in length. No naming rights may be sold or leased for any highway portion or bridge that has been designated as a memorial highway or bridge prior to August 28, 2018.

This bill requires that the Department of Transportation utility corridor be up to 12 feet wide when space is reasonably available. The location, construction, maintenance, removal, and relocation of any utility facility under this act shall be performed in accordance with existing law. This act also requires the State Highways and Transportation Commission to promulgate rules setting forth a standardized system for requesting and issuing variances to certain requirements.

Currently, a person eligible to receive disabled veteran license plates may receive one set of the plates and shall not be charged a fee to receive them.

This bill provides that a person may license a second or subsequent motor vehicle for disabled veteran plates, subject to the regular registration and personalized license plate fees.

The bill also updates a reference to a repealed section of law regarding license plate design, and specifies that there shall be no fee charged for Congressional Medal of Honor license plates in addition to regular registration fees.

FISCAL DESCRIPTION (continued)

This bill provides that the Highways and Transportation Commission shall issue single-use special permits for or upon request of the equipment owner annual permits for the transportation of cranes. The Commission shall also set parameters for the transportation of cranes under this act.

Currently, vehicles owned by a utility or by an entity performing work for the department of transportation may display fixed, flashing, or rotating lights under certain circumstances. This bill specifies that both vehicles and equipment may display the lights, whether owned or leased by their users.

This bill specifies that no more than two vehicles per work zone may display fixed, flashing, or rotating red or red and blue lights.

Under the bill, in order to display amber or amber and white lights, the vehicles or equipment shall be located in a marked work zone with workers present. This act also removes the requirement that vehicles owned or leased by MODOT contractors be stationary to display the lights.

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

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation
Department of Public Safety - Missouri Highway Patrol
Office of Administration - Facilities Management, Design and Construction
Office of Administration - Budget and Planning
Office of the State Treasurer
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Economic Development - Public Service Commission
Department of Economic Development - Office of Public Counsel
Department of Economic Development - Division of Energy
Department of Economic Development - Business and Community Services
Missouri Senate
Missouri House of Representatives
Department of Agriculture
City of Kansas City
Department of Health and Senior Services
Department of Natural Resources

Ross Strope



Acting Director
April 24, 2018