

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1178-08
Bill No.: SS for HCS No. 2 for HB 499
Subject: Air Quality; County Officials; Courts; Fees; Licenses - Driver's; Motor Vehicles; Department of Revenue; Department of Transportation; Transportation
Type: #Updated
Date: May 15, 2019
 #Updated with MoDOT assumptions regarding potential loss of federal highway funds (see pages 2, 21 & 26).

Bill Summary: This proposal enacts provisions relating to transportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$133,263) to (\$307,738)	\$0 to (\$161,262)	\$0 to (\$162,623)
Total Estimated Net Effect on General Revenue	(\$133,263) to (\$307,738)	\$0 to (\$161,262)	\$0 to (\$162,623)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Highway Fund (0644)	Could exceed \$2,316,695 or \$22,498,607	Could exceed \$2,818,877 or \$27,031,171	Could exceed \$2,814,114 or \$27,032,408
Missouri Air Emission Reduction Fund (0267)	(\$675,600)	(\$1,345,021)	(\$1,338,780)
Total Estimated Net Effect on Other State Funds	Could exceed \$1,641,095 or \$21,823,007	Could exceed \$1,473,856 or \$25,686,150	Could exceed3 \$1,475,334 or \$25,693,628

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 28 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
#Federal Highway Funds	\$0 or Up to (\$212,000,000)	\$0 or Up to (\$212,000,000)	\$0 or Up to (\$212,000,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or Up to (\$212,000,000)	\$0 or Up to (\$212,000,000)	\$0 or Up to (\$212,000,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 to 4 FTE	0 to 2 FTE	0 to 2 FTE
Highway Fund	(1 FTE)	(1 FTE)	(1 FTE)
Missouri Air Emission Reduction Fund	(10 FTE)	(10 FTE)	(10 FTE)
Total Estimated Net Effect on FTE	(7) to (11) FTE	(9) to (11) FTE	(9) to (11) 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 2020	FY 2021	FY 2022
Local Government	Up to \$759,057 or \$7,486,361	Up to \$910,868 or \$8,983,633	Up to \$910,868 or \$8,983,633

FISCAL ANALYSIS

ASSUMPTION

§136.055 - Fees Charged by License Contract Offices

Oversight notes this section is similar to HB 584 from 2019.

In response to HB 584 (2019), officials at the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

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

- Update procedures, forms, correspondence, associated fee charts, and the Department website;
- Update the Dealer Operating Manual;
- Update the Missouri Titling Manual;
- Update the Uniform License Issuance Manual;
- Update the on-line and printed versions of the Missouri Driver guide, Missouri Motorcycle Guide, and the Commercial Driver License (CDL) Manual;
- Complete programming and user acceptance testing;
- Update the Missouri Transportation Accounting System (MTAS) tables used by the Missouri Electronic Driver License System (MEDL); and
- Train internal and license office staff.

FY 2020 - Motor Vehicle Bureau

Management Analysis Spec I	520 hrs. @ \$18.42 per hr.	= \$9,578
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FY 2020 - Driver License Bureau

Administrative Analyst II	160 hrs. @ \$17.13 per hr.	= \$2,741
Management Analysis Spec II	180 hrs. @ \$20.57 per hr.	= \$3,703
Revenue Manager	30 hrs. @ \$20.59 per hr.	= \$ 618
Total		= \$7,062

FY 2020 - Personnel Services Bureau

Administrative Analyst III	40 hrs. @ \$19.80 per hr.	= \$ 792
Management Analysis Spec I	60 hrs. @ \$18.42 per hr.	= \$1,105
Management Analysis Spec II	30 hrs. @ \$20.57 per hr.	= \$ 617
Total		= \$2,514

ASSUMPTION (continued)

Total Costs = **\$19,154**

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

DOR notes OA-ITSD services will be required at a cost of \$54,270 (723.60 hours x \$75 per hour) in FY 2020.

Revenue Impact

DOR notes this legislation will also increase processing fees for transactions processed at the Central Office Branch Office, through the mail, and online. This fee increase will be split to the Highway Fund, Cities, and Counties 75/15/10.

Motor Vehicle Bureau

Registrations for 1 year in FY 2021 and FY 2022:

70,744	Estimated 2 year transactions in Central Office and Online (MORE)
x \$ 2.50	Increased agent processing fee from \$3.50 to \$6.00
\$176,860	Total annual increase in processing fees for 1 year transactions.

Registrations for 2 year in FY 2021 and FY 2022:

173,493	Estimated 2 year transactions in Central Office and Online (MORE)
x \$ 5.00	Increased agent processing fee from \$7.00 to \$12.00
\$ 867,465	Total annual increase in processing fees for 2 year transactions.

Titles in FY 2021 and FY 2022:

154,246	Estimated 1 year fees by Branch Office - Central Site and Online (MORE)
x \$ 3.50	Increased agent processing fee from \$2.50 to \$6.00
\$ 539,861	Total annual increase in title processing fees

ASSUMPTION (continued)

Notice of Liens in FY 2021 and FY 2022:

6,112	Central Office Filed
+ <u>570,172</u>	Online Notice of Liens
576,284	Total Notice of Liens Filed
x \$ 3.50	Estimated 1 year fees by Branch Office - Central Site and Online (MORE)
\$ 2,016,994	Total annual increase in Notice of Lien Process Fees

Driver License Bureau

Permits, Driver License, or Nondriver License Issued for 3 years or less in FY 2021 and FY 2022:

816	Estimated 3 year fees by Central Branch Office
x <u>\$ 3.50</u>	Increased agent processing fee from \$2.50 to \$6.00
\$ 2,856	Total annual increase in agent processing fees for exceeding 3 year transactions.

Permits, Driver License, or Nondriver License Issued for 6 years or less in FY 2021 and FY 2022:

5,634	Estimated 6 year fees Central Branch Office
x <u>\$ 7.00</u>	Increased agent processing fee from \$5.00 to \$12.00
\$39,438	Total annual increase in agent processing fees for exceeding 3 years transactions.

It is unknown how many notary fees or additional electronic transmission fees may be collected under the proposed change to §135.055.1(5) RSMo.

Total Central Office, mail-in, and online processing fees to distribute: **\$3,643,474**

ASSUMPTION (continued)

Oversight notes the following fee changes:

Transaction Type	Current Fee	Proposed Fee
Motor vehicle or trailer registration (one year)	\$3.50	\$6.00
Motor vehicle or trailer registration (two year)	\$7.00	\$12.00
Application of transfer	\$2.50	\$6.00
Instruction permit, nondriver license, chauffeur's, operator's or driver's license (three years or less)	\$2.50	\$6.00
Instruction permit, nondriver license, chauffeur's, operator's or driver's license (exceeds three years)	\$5.00	\$12.00
Notice of liens	\$2.50	\$6.00
Notary fee	\$2.00 (only collected for telephone receptions)	\$2.00 per transaction

Source: Oversight

	FY 2020 (10 mos.)	FY 2021	FY 2022
<i>Amount to Distribute</i>	\$3,036,228	\$3,643,474	\$3,643,474
Highways (75%)	\$2,277,171	\$2,732,606	\$2,732,606
Cities (15%)	\$455,434	\$546,521	\$546,521
Counties (10%)	\$303,623	\$364,347	\$364,347

Source: DOR

In response to HB 584 (2019), officials from the **Department of Transportation (MoDOT)** considers the revenues collected from these fees to be State Revenue Derived from Highway Users (SRHU) subject to the distribution requirements set out in Art. IV, Sec. 30(b)1, Mo. Const. MoDOT does not collect these fees, so we defer to DOR for the dollar figure.

ASSUMPTION (continued)

Oversight notes that the additional fee revenue estimate provided by DOR is only for transactions at the Central Office and online. DOR assumes the additional fees charged by the fee offices will be retained by the fee offices. If MoDOT is correct in their assertion that the fee increases on transactions at all fee offices statewide (176 contracted license offices) should be distributed as SRHU revenue as well, there could be a significantly larger increase in revenue to distribute between the state's Highway Fund, cities and counties.

DOR provided information that **Oversight** used to estimate the estimated fee increase state-wide:

Registrations for 1 year in FY 2021 and FY 2022

1,485,689	Total Transactions
x \$2.50	Increased agent processing fee from \$3.50 to \$6.00
\$3,714,222	Total annual increase in agent processing fees for 1 year transactions.

Registrations for 2 year in FY 2021 and FY 2022

2,304,276	Total Transactions
x \$5.00	Increased agent processing fee from \$7.00 to \$12.00
\$11,521,380	Total annual increase in agent processing fees for 2 year transactions.

Titles in FY 2021 and FY 2022

2,059,457	Total Transactions
x \$3.50	Increased agent processing fee from \$2.50 to \$6.00
\$7,208,100	Total annual increase in agent processing fees for Title transactions.

Notice of Liens in FY 2021 and FY 2022

737,754	Notice of Lien Transactions (number adjusted from DOR est.)
x \$3.50	Increased agent processing fee from \$2.50 to \$6.00
\$2,582,139	Total annual increase in agent processing fees for Title transactions.

ASSUMPTION (continued)

Permits, Driver License, or Nondriver License Issued for 3 years or less in FY 2021 and FY 2022

167,333	Total Permits
330,521	Total Driver License (DL)
4,538	Total Nondriver License (NDL)
<u>+18,785</u>	Total Estimated Duplicates (DL, NDL and Permits)
521,177	Total annual 3 year or less transactions
x \$3.50	Increased agent processing fee from \$2.50 to \$6.00
\$1,824,120	Total annual increase in agent processing fees for 3 year transactions.

Permits, Driver License, or Nondriver License Issued for 6 years or less in FY 2021 and FY 2022

888,535	Total Driver License (DL)
130,063	Total Nondriver License (NDL)
<u>+279,198</u>	Total Estimated Duplicates (DL, NDL and Permits)
1,297,796	Total annual transactions exceeding 3 years
x \$7.00	Increased agent processing fee from \$5.00 to \$12.00
\$9,084,572	Total annual increase in agent processing fees for exceeding 3 years transactions.

Transaction Type	2020	2021 & 2022
Motor vehicle or trailer registration (one year)	\$3,095,185	\$3,714,222
Motor vehicle or trailer registration (two year)	\$9,601,150	\$11,521,380
Titles	\$6,006,750	\$7,208,100
Instruction permit, nondriver license, chauffeur's, operator's or driver's license (three years or less)	\$1,520,100	\$1,824,120
Instruction permit, nondriver license, chauffeur's, operator's or driver's license (exceeds three years)	\$7,570,476	\$9,084,572
Notice of liens	\$2,151,783	\$2,582,139
TOTAL	\$29,945,444	\$35,934,533

ASSUMPTION (continued)

For simplicity, **Oversight** will assume, if MoDOT is correct in their assertion that this additional revenue shall be distributed according to Art. IV, Sec. 30(b)1, of the Missouri Constitution, that the additional fee revenue will be distributed 75% to highways, 15% to cities and 10% to counties. Oversight notes that DOR is allowed to retain 3% of the tax or fee collected for collection costs; however, Oversight will simply provide that amount for informational purposes and not reflect it in the fiscal note.

	FY 2020 (10 mos.)	FY 2021 & FY 2022	3%
<i>Amount to Distribute</i>	\$29,945,444	\$35,934,533	\$1,078,036
Highways (75%)	\$22,459,083	\$26,950,900	
Cities (15%)	\$4,491,817	\$5,390,180	
Counties (10%)	\$2,994,544	\$3,593,453	

In response to HB 584 (2019), officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that MHP has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for MHP.

§§227.453, 227.454, 227.457, 227.458, 227.459, 227.460, 227.461, 227.462, 227.469, 227.471, 227.547, 227.549, 227.550, 227.800, 227.801 & 227.802 - Memorial Infrastructure

In response to similar proposals, officials from **Department of Transportation (MoDOT)** assumed there would be no fiscal impact from these proposals.

Oversight notes that MoDOT has stated these sections would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for MoDOT for these sections.

ASSUMPTION (continued)

§§301.010 & 301.067 - Recreational Trailers

Oversight notes these sections are the original version of SB 371 from 2019.

In response to SB 371 (2019), officials from the **Department of Transportation** and **Department of Public Safety - Missouri Highway Patrol** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

In response to SB 371 (2019), officials at the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

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

- Update procedures and the Department website;
- Update correspondence letters; and
- Complete programming and user acceptance testing for identified systems.

FY 2020 - Motor Vehicle Bureau

Management Analysis Spec I	240 hrs. @ \$18.42 per hr.	= \$4,421
Total		= \$4,421

FY 2020 - Personnel Services Bureau

Management Analysis Spec I	40 hrs. @ \$18.42 per hr.	= \$737
Administrative Analyst III	10 hrs. @ \$19.80 per hr.	= \$198
Total		= \$935

Total Costs = **\$5,356**

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

ASSUMPTION (continued)

DOR noted OA-ITSD services will be required at a cost of **\$15,471** (206.28 hours x \$75 per hour) in FY 2020.

It is assumed that "recreational trailer" one and three year registrations will still expire annually (December 31st) as prescribed for all trailers in §301.030. Currently, §301.030 allows all trailers to have an extension on fees payable until the last day of February.

It is assumed this proposal extends (defers) this for recreational trailers until the last day of May.

Oversight notes the current due date for trailer registrations is in December. This proposal changes the due date (instead of December 2019) to May, 2020. Oversight notes December, 2019 and May, 2020 are both in the same fiscal year; therefore, Oversight assumes there will not be a revenue impact from this change in FY 2020 or any year going forward.

§§302.574 & 479.500 - St. Louis County Traffic Court Judges

Oversight notes these sections are similar to SB 137 from 2019.

In response to SB 137 (2019), officials from the **Office of the State Courts Administrator, Department of Revenue, Missouri Department of Transportation, Missouri Highway Patrol** and **Department of Mental Health** each assumed no fiscal impact to their respective agencies from this proposal.

In response to SB 137 (2019), officials at the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond current appropriations.

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

In response to SB 137 (2019), officials from the **St. Louis County Circuit Clerk's Office** and **St. Louis County Police Department** each assumed no fiscal impact to their respective entities from this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other law enforcement agencies within St. Louis County and St. Louis County were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to

www.legislativeoversight.mo.gov.

ASSUMPTION (continued)

§304.580, 304.585 & 304.894 - Driver's License Revocation for Striking a Highway Worker or Emergency Responder

Oversight notes these sections were included in a previous version of this proposal.

In response to a previous version, officials at the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

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

- Complete programming and user acceptance testing to create a new action type in the Missouri Driver License (MODL) system;
- Create new procedures, training manuals, notices, and forms;
- Update the Missouri Driver Guide and the Department website; and
- Train staff.

FY 2020 - Driver License Bureau

Administrative Analyst I	1176 hrs. @ \$14.70 per hr.	= \$17,287
Management Analysis Spec II	1176 hrs. @ \$20.57 per hr.	= \$24,190
Revenue Manager	1008 hrs. @ \$20.59 per hr.	= <u>\$20,755</u>
Total		= \$62,232

FY 2020 - Personnel Services Bureau

Administrative Analyst III	336 hrs. @ \$19.80 per hr.	= \$6,653
Management Analysis Spec I	336 hrs. @ \$18.42 per hr.	= <u>\$6,189</u>
Total		= \$12,842

Total Costs = **\$75,074**

Oversight assumes DOR may hire additional staff due to the amount of hours required to implement this proposal. However, DOR also may handle this internal work without seeking additional appropriation authority. Oversight assumes DOR may hire two additional FTE to staff for the two positions listed above that are anticipated to need over 1,080 hours of work. Therefore, Oversight will range the fiscal impact to DOR from \$0 (work hours specified above will be handled by existing staff with no actual additional state expenditures) to an additional 2 FTE for FY 2020 (\$100,783) only.

ASSUMPTION (continued)

OA-ITSD services will be required at a cost of **\$127,494** (1,699.92 hours x \$75 per hour) in FY 2020.

DOR notes below are the yearly number of MoDOT highway workers struck in work zones. The number of emergency responders is unknown, but is assumed that the statistics are similar.

Year	Number
2012	8
2013	4
2014	7
2015	12
2016	10
2017	5
2018	7
Total	53

The average total per year is 8 highway workers.

A Revenue Processing Tech I (RPT I) can process 48 revocations per day, including returned mail and other related documents. The Department assumes it can absorb the additional processing with existing staff. If the number of documents received is higher than anticipated, additional FTE will be requested through the appropriations process.

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will not reflect a fiscal impact to DOR for revocations on the fiscal note.

Revenue Impact

A \$20 reinstatement fee is imposed for reinstatement of any license suspensions. Due to the low number of suspensions anticipated the expected revenue increase will be minimal.

Any fees collected would be distributed 75% Highway Fund, 15% Cities, and 10% Counties.

ASSUMPTION (continued)

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will not reflect an increase in fine revenue on the fiscal note.

In response to a previous version, officials at the **Office of Prosecution Services (OPS)** assumed no measurable impact to their organization. The creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Oversight does not have any information to the contrary in regards to OPS' assumptions; therefore, Oversight will not reflect a fiscal impact to OPS as they have indicated they can absorb any costs from this proposal.

In response to a previous version, officials from the **Department of Transportation, Office of the State Courts Administrator, Department of Public Safety - Missouri Highway Patrol** and **Office of the State Public Defender** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

In response to a previous version, officials from the **Joplin Police Department, City of Kansas City, St. Louis County Department of Justice Services, Springfield Police Department, Jackson County Sheriff's Office** and **St. Louis County Police Department** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight notes that the local law enforcement agencies and political subdivision mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these local law enforcement agencies and political subdivision.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other law enforcement agencies were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

ASSUMPTION (continued)

§304.590 - Fines for Traffic Offenses Committed in a Travel Safe Zone

Oversight notes this section is similar to SB 91 from 2019.

In response to SB 91 (2019), officials from the **Office of the State Courts Administrator**, **Department of Revenue** and **Department of Transportation** each assumed the proposal would have no fiscal impact on their respective organizations.

In response to SB 91 (2019), officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assumed the proposal would have no fiscal impact on their organization.

MHP noted the following number of citations and warnings were issued for violations that occurred in a travel safe zone:

Year	Citations	Warnings
2018	101	26
2017	84	25
2016	242	40

Oversight notes this proposal removes the provision that requires courts to double fine amounts if a violation is assessed in a travel safe zone. Oversight assumes the removal of this provision could decrease the amount of fine revenue collected.

Oversight notes that fine amounts vary for the multiple moving and speeding violations referenced in this proposal. A portion of the ticket amount consists of fine revenue (to the local school districts) and the remaining amount consists of various state and local funds for court costs. However, all fines may not have been paid (for example, the court could have dismissed the ticket or set the fine at a different amount). Also, judges may continue to double fines in travel safe zones with passage of this legislation.

Oversight does not know how many such tickets were issued statewide by all law enforcement agencies in travel safe zones but would assume the majority are issued by the MHP. Oversight notes court costs should remain the same regardless if the fine is doubled; therefore, Oversight will reflect a potential decrease in fine revenue to local political subdivisions of "Less than \$100,000" per year

ASSUMPTION (continued)

§643.300 - Air Quality Attainment Act (Repeal of §§643.303 - 643.355)

Oversight notes this section is similar to SCS for SB 359 from 2019.

In response to SCS for SB 359 (2019), officials from the **Department of Natural Resources (DNR)** assumed the following regarding this proposal:

The emissions inspection program is a federally-mandated program under the federally approved State Implementation Plan (SIP) for the current and historical St. Louis Ozone non-attainment area (as found in 40 CFR Part 52). If requirements of the program are not fulfilled, the Department risks losing the authority to implement and enforce federal regulations under the Clean Air Act (CAA) and/or sanctions for failing to meet federal SIP requirements.

If the emissions/inspection program is removed (in whole or in part) without the state following the required rule and SIP process (to demonstrate that the program is no longer necessary for air quality), EPA may implement one of the sanctions (below) as selected by the Administrator within 18 months. Then six months after that, if the deficiency has still not been corrected both types of sanctions shall apply.

The two sanctions described in CAA 179 subsection (b) are:

- Increased New Source Review Permitting offset ratio (affects air permittees in the area, making a permit harder to obtain)
- Federal highway dollar sanctions

Per CAA 179, these sanctions may only apply to the St. Louis area or may apply to any area of the state if the EPA determines it is reasonable and appropriate.

The proposal would result in lost revenue for our agency and potential loss of federal funding for Missouri. If the Department fails to fulfill the requirements of the SIP, it could impact our delegation under the federal Clean Air Act. If EPA finds us deficient in meeting our obligations under the SIP, EPA could withdraw our delegation. In this event, sources would be required to obtain Clean Air Act permits from EPA, and EPA would be the compliance/enforcement authority for Clean Air Act requirements. The Department would have authority for only the Missouri Air Conservation Law (Chpt. 643 RSMo.) causing confusion and duplication of authority.

ASSUMPTION (continued)

Moreover, if the state does not enforce the GVIP, it could still be enforced by EPA as part of the federally approved SIP for Missouri. Additionally, if a source is knowingly in violation of an approved implementation plan during a period of federally assumed enforcement, the source may be subject to criminal penalties, 42 USC section 7413(c)(1), as well as civil or administrative enforcement, 42 USC sec. 7413(b). The CAA allows the court to award a "bounty" of up to \$10,000 penalty to an individual which leads to a criminal, civil, or administrative penalty. 42 USC sec. 7413(f).

Revenue Loss Assumptions:

Fund 0267 - Revenue for Air Emissions Reduction Fees

FY 2014 \$2,000,573

FY 2016 \$2,130,024

FY 2018 \$2,155,046

(fees redirected to General Revenue in fiscal years 2015, 2017)

Three year average Air Emissions Reduction Fee Revenue \$2,095,214

Average number of vehicles inspected $\$2,095,214 / \$2.50 \text{ fee} = 838,086$ vehicles (rounded to 838,000)

The FY 2020 Governor's Recommended budget request for the Department includes a total of 22.11 FTE funded from the Air Emissions Reduction Fee fund plus Operating and Transfer appropriations (personal service, expense and equipment, fringe, and other costs). The Air Emissions Reduction fees fund various emissions activities required by the federal Clean Air Act. The GVIP has been a component of the plan to bring the St. Louis Area into attainment. The St. Louis area plan includes more stringent air quality regulations and permitting measures than other areas of the state due to historical air quality issues. These requirements include gasoline vapor recovery, emissions inspection (the GVIP), and stricter industrial regulations. The removal of the inspection maintenance program does not affect other current air quality requirements, though EPA would require additional efforts by existing staff to demonstrate the impact of the program's removal on the current and future air quality (to avoid the sanctions, described above).

Elimination of the GVIP would result in the loss of approximately 10 Air Pollution Control Program staff located in St. Louis (3 of which are currently vacant). The other staff (approximately 12 FTE) that conduct the remaining emissions activities and oversight would need to be shifted from fund 0267 appropriations to other Department fee funds and eligible federal grants.

ASSUMPTION (continued)

Currently, there is not sufficient funding available from these fund sources to sustain these emissions activities on an on-going basis.

FY 2020 Operating Expenditure Appropriations = \$1,283,619

FY 2020 Transfer Appropriations = \$1,032,158

Oversight does not have any information to the contrary in regards to DNR's assumptions; therefore, Oversight will reflect DNR's loss of revenue and program savings (elimination of 10 FTE due to the repeal of the vehicle emissions program) on the fiscal note for FY 2020 (6 months), FY 2021 and FY 2022 (these changes have an effective date of January 1, 2020).

Oversight verified through the Gateway Vehicle Inspection Program (GVIP) annual report, GVIP stations conducted 812,531 initial emissions inspections in FY 2016 and 795,472 in FY 2015.

Oversight notes the Missouri Air Emission Reduction Fund (0267) had a fund balance of \$2,200,576 at the end of April 2019.

In response to SCS for SB 359 (2019), officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assumed the following regarding this proposal:

This proposal would eliminate the Gateway Vehicle Inspection Program (GVIP) emission inspection program in the non-attainment area of the state of Missouri effective January 1, 2020. Missouri Statute 643.337 RSMo requires the Missouri State Highway Patrol (MSHP) along with the Department of Natural Resources (DNR) to provide oversight for the emission inspection program. MSHP handles all the administration of licensing permits and fees associated with emission stations and inspector mechanics. In addition to the fees collected for emission licensure, MSHP also collects the \$2.50 inspection fee for emission stations to purchase emission inspection stickers. The fees collected by MSHP are processed and deposited into the appropriate DNR funding established by statute. The only funding MSHP receives for providing joint oversight to the emission program is:

- Mileage reimbursements for MSHP MVI inspectors during the months of July through December of each year, and
- A vehicle is provided for the MSHP emissions coordinator.

ASSUMPTION (continued)

In addition to the limited funding received by MSHP for emissions inspections, MSHP is able to have an electronic vehicle safety inspection system in all stations that are also equipped with emission testing equipment. Currently there are 840 stations enrolled as emissions inspection stations, which would all have to be converted from electronic safety inspections to hand written safety inspections with safety inspection stickers.

All of the 840 emission stations are also licensed safety inspection stations; therefore, MSHP will see no reduction in FTE duties related to administration of licensed inspection stations.

The fiscal impact for MSHP will include purchasing additional MVI-2 form set booklets and additional motor vehicle safety inspection stickers since stations will no longer be able to utilize the analyzers associated with the emissions inspection program. An additional 46,681 MVI-2 form set booklets will be needed annually for safety inspections performed at the 840 stations that will revert from safety and emission station status to safety inspection status. Total cost for the additional MVI-2 form set booklets will be approximately **\$2,451** annually. An additional 934,000 safety inspection stickers will be needed annually for safety inspections performed at the 840 stations that will revert from safety and emissions station status to safety inspection station status. Total cost for the additional safety inspection stickers will be approximately **\$28,020**. Total additional expenses will be approximately **\$30,471**.

The proposal would eliminate one FTE which is designated the "emissions coordinator" from the MSHP. The position of Senior Chief Motor Vehicle Inspector is currently assigned as the Emissions Inspection Program Coordinator.

DNR currently pays mileage expenses of MVI inspectors in the non-attainment area for station supervision travel incurred from July through December of each year. In 2018 those expenses totaled \$21,730. Passage of this proposal would require the MSHP to assume payment of these mileage expenses, as the travel would still be necessary since the safety aspects will continue. Since DNR pays mileage expenses from July through December, and this legislation would take effect January 1, 2020, the Patrol would be responsible for paying this mileage in FY 2021 and FY 2022.

Oversight does not have any information to the contrary in regards to MHP's assumptions; therefore, Oversight will reflect MHP's costs and program savings (elimination of 1 FTE due to the repeal of the vehicle emissions program) on the fiscal note for FY 2020 (6 months) and FY 2021 & FY 2022.

ASSUMPTION (continued)

In response to SCS for SB 359 (2019), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

The proposed legislation eliminates emission inspection requirements for motor vehicles and inspection station provisions within chapter 643 references to the emissions inspection requirement and to the sections that are being deleted from law remain in chapters 301 and 307.

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

- Update procedures, correspondence letters, and the Department website;
- Update the Application for Missouri Title and License (DOR-108);
- Update the Application for Missouri Vehicle License (DOR-184);
- Update the General Affidavit (DOR-768);
- Send out notification to all dealers via GovDelivery;
- Update the motor vehicle renewal notices and titling manual;
- Complete programming and user acceptance testing of identified systems;
- Amend and update administrative rules; and
- Train staff

FY 2020 - Motor Vehicle Bureau

Management Analysis Spec I	560 hrs. @ \$18.42 per hr.	= \$10,315
Administrative Analyst III	10 hrs. @ \$19.80 per hr.	= \$ 198
Administrative Office Support Asst.	15 hrs. @ \$13.78 per hr.	= \$ 207
Revenue Manager	80 hrs. @ \$20.59 per hr.	= \$ <u>1,647</u>
Total		= \$12,367

FY 2020 - Personnel Services Bureau

Administrative Analyst III	10 hrs. @ \$19.80 per hr.	= \$ 198
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Total Costs = **\$12,565**

ASSUMPTION (continued)

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

DOR noted OA-ITSD services will be required at a cost of **\$9,720** (93.96 hours x \$75 per hour) in FY 2020.

In response to SCS for SB 359 (2019), officials from the **Department of Transportation (MoDOT)** deferred to DNR for the fiscal impact of this proposal; however, MoDOT is concerned about the potential loss of federal highway funds sanction.

Oversight inquired of DNR and MoDOT in regards to the amount of potential federal highway funds the state would lose if found to be out of compliance with federal regulations. DNR and MoDOT were unable to provide this information; therefore, Oversight will range the fiscal impact as \$0 (Missouri not found to be out of compliance of federal regulations) to an “Unknown” loss of federal highway funds (Missouri found to be out of compliance with federal regulations).

#Upon further review, officials from **MoDOT** stated the St. Louis Region receives approximately \$212 million in federal funds from MoDOT. As a result of the changes to the vehicle emissions testing program in the St. Louis Region, this amount could be subject to some federal sanction from the Environmental Protection Agency.

#**Oversight** has updated the potential loss of federal highway funds to \$0 (Missouri not found to be out of compliance of federal regulations) to a loss of “Up to \$212 million” (Missouri found to be out of compliance with federal regulations & the federal government withholds funding). Oversight previously ranged the impact from \$0 to an “unknown” loss of federal funding.

In response to SCS for SB 359 (2019), officials from the **Department of Corrections (DOC)** stated DOC has vehicles located in Kansas City and St. Louis metro areas that require emission inspections under the current law. If this proposal passes, these vehicles will no longer require those inspections. This could result in a costs savings to DOC; however, it is unknown what the total fiscal impact would be.

Oversight inquired of DOC as to how many vehicles the department has that would no longer require vehicle emissions testing. DOC was unable to provide the exact number of vehicles but estimated it is less than 50 vehicles. Oversight assumes the savings from the vehicle emissions testing would be minimal; therefore, Oversight will not reflect a fiscal impact to DOC.

ASSUMPTION (continued)

In response to SCS for SB 359 (2019), officials from the **Department of Social Services, Office of Administration, Department of Mental Health, Department of Health and Senior Services, Department of Elementary and Secondary Education, Office of the State Courts Administrator, Office of the State Public Defender and Office of Prosecution Services** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

In response to SCS for SB 359 (2019), 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 \$5,000. 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 regulations at substantial costs, the SOS could require additional resources.

In response to SCS for SB 359 (2019), officials from the **Joint Committee on Administrative Rules (JCAR)** stated that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Oversight notes there are several sections within this proposal that will require OA-ITSD services. Oversight has summarized the OA-ITSD costs in the table below. For simplicity purposes, Oversight will reflect the OA-ITSD costs to the General Revenue Fund as one line item.

ASSUMPTION (continued)

Bill Number	Estimated OA-ITSD Hours	Estimated OA-ITSD Cost	Page Numbers
HB 584 (§136.055)	724	\$54,270	p. 4
SB 371 (§301.067)	206	\$15,471	p. 11
HB 499 (§304.580)	1,700	\$127,494	p. 13
SCS for SB 359 (§643.303 - 355)	94	\$9,720	p. 22
	2,724	\$206,955	

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed to various systems. Independently, ITSD estimated the projects would take 2,724 hours at a contract rate of \$75 per hour for a total cost to the state of \$206,955. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire two additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$206,955) to hiring two additional FTE IT Specialist (roughly \$160,000 per year).

Oversight notes approximately 2,724 hours will be required for OA-ITSD services in FY 2020 for this proposal. Oversight assumes this will equate to approximately 1.3 staff (rounded up to 2 staff for simplicity purposes); therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$206,955) to hiring two additional FTE IT Specialists.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost</u> - DOR - Administrative costs (ranged from using existing staff to hiring two (2) additional FTE for FY 2020) (§§304.580, 304.585 & 304.894) p. 13	\$0 to (\$100,783)	\$0	\$0
<u>Cost</u> - DOR - ITSD costs (ranged from contracting out programming (\$206,955) to hiring two (2) additional FTE IT Specialists) p. 23-24	(\$133,263) to <u>(\$206,955)</u>	\$0 to (\$161,262)	\$0 to (\$162,623)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$133,263) to <u>(\$307,738)</u>	\$0 to (\$161,262)	\$0 to (\$162,623)
Estimated Net FTE Change for General Revenue	0 or 4 FTE	0 or 2 FTE	0 or 2 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022
HIGHWAY FUND			
<u>Revenue</u> - increased processing fees for licenses, registrations, notice of liens and notary services (§136.055) p. 7-9	\$2,277,171 or \$22,459,083	\$2,732,606 or \$26,950,900	\$2,732,606 or \$26,950,900
<u>Savings</u> - MHP - elimination of 1 FTE due to the repeal of the vehicle emissions testing program (includes personal services, fringe benefits and expense and equipment costs) (§643.312) p. 20	\$54,760	\$110,742	\$111,979
<u>Cost</u> - MHP - additional MVI-2 booklets (§643.312) p. 20	(\$1,226)	(\$2,451)	(\$2,451)
<u>Cost</u> - MHP - additional safety inspections stickers (§643.312) p. 20	<u>(\$14,010)</u>	<u>(\$28,020)</u>	<u>(\$28,020)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	Could exceed \$2,316,695 or <u>\$22,498,607</u>	Could exceed \$2,818,877 or <u>\$27,031,171</u>	Could exceed \$2,814,114 or <u>\$27,032,408</u>
Estimated Net FTE Change to the Highway Fund	(1 FTE)	(1 FTE)	(1 FTE)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022
MISSOURI AIR EMISSION REDUCTION FUND			
<u>Savings</u> - DNR - elimination of 10 FTE due to the repeal of the vehicle emissions testing program (includes personal services and fringe benefits) (§643.12) p. 18-19	\$372,007	\$750,193	\$756,434
<u>Loss</u> - DNR - revenue from fees for vehicle emissions testing (§643.312) p. 18-19	<u>(\$1,047,607)</u>	<u>(\$2,095,214)</u>	<u>(\$2,095,214)</u>
ESTIMATED NET EFFECT ON THE MISSOURI AIR EMISSION REDUCTION FUND	<u>(\$675,600)</u>	<u>(\$1,345,021)</u>	<u>(\$1,338,780)</u>
Estimated Net FTE Change to the Missouri Air Emission Reduction Fund	(10 FTE)	(10 FTE)	(10 FTE)
FEDERAL HIGHWAY FUNDS			
<u>#Loss</u> - potential loss of funds due to the repeal of the vehicle emissions testing program (§643.312) p. 22	\$0 or Up to <u>(\$212,000,000)</u>	\$0 or Up to <u>(\$212,000,000)</u>	\$0 or Up to <u>(\$212,000,000)</u>
ESTIMATED NET EFFECT ON FEDERAL HIGHWAY FUNDS	<u>\$0 or Up to (\$212,000,000)</u>	<u>\$0 or Up to (\$212,000,000)</u>	<u>\$0 or Up to (\$212,000,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Cities (15%) - increased processing fees for licenses, registrations, notice of liens and notary services (§136.055) p. 7-9	\$455,434 or \$4,491,817	\$546,521 or \$5,390,180	\$546,521 or \$5,390,180
<u>Revenue</u> - Counties (10%) - increased processing fees for licenses, registrations, notice of liens and notary services (§136.055) p. 7-9	\$303,623 or \$2,994,544	\$364,347 or \$3,593,453	\$364,347 or \$3,593,453
<u>Loss</u> - fine revenue to various local political subdivisions for tickets for various moving and speeding violations in travel safe zones (§304.590) p. 16	Less than <u>(\$100,000)</u>	Less than <u>(\$100,000)</u>	Less than <u>(\$100,000)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Up to \$759,057 or <u>\$7,486,361</u>	Up to \$910,868 or <u>\$8,983,633</u>	Up to \$910,868 or <u>\$8,983,633</u>

FISCAL IMPACT - Small Business

This proposal would impact small businesses that inspect/repair automobiles.

FISCAL DESCRIPTION

This bill enacts provisions relating to transportation.

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 the State Courts Administrator
Office of Prosecution Services
Office of the State Public Defender
Department of Corrections
Department of Natural Resources
Department of Economic Development
Office of Administration
Department of Elementary and Secondary Education
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Health and Senior Services
Department of Social Services
Department of Mental Health
St. Louis County Department of Justice Services
St. Louis County Police Department
Joplin Police Department
City of Kansas City
Jackson County Sheriff's Office
Springfield Police Department



Kyle Rieman
Director
May 15, 2019

Ross Strobe
Assistant Director
May 15, 2019