

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1704-01
Bill No.: SB 323
Subject: Boards, Commissions, Committees and Councils; Highway Patrol; Motor Carriers; Motor Vehicles; Department of Public Safety; Department of Transportation; Transportation
Type: Original
Date: February 19, 2019

Bill Summary: This proposal directs the Department of Transportation, in consultation with the Highway Patrol and the advisory committee created in the act, to promulgate rules governing the towing of commercial vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
State Road Fund	Less than (\$10,000)	Less than (\$244,123)	Less than (\$482,046)
Total Estimated Net Effect on Other State Funds	Less than (\$10,000)	Less than (\$244,123)	Less than (\$482,046)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
State Road Fund		7 FTE (for 6 months)	7 FTE
Total Estimated Net Effect on FTE		7 FTE (for 6 months)	7 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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation (MoDOT)** assume this proposal adds the following responsibilities to the Department:

Promulgate rules to:

- Establish and implement the commercial vehicle towing advisory committee;
- Standards to determine "fair, equitable and reasonable" towing charges;
- Procedure to receive, review and adjudicate complaints;
- Process to remove a towing company from the authorized list;
- Establish information required on an invoice associated with towing a commercial vehicle;
- Determine the criteria for "fair, equitable and reasonable" towing rates;
- Dedicate staff to review and adjudicate complaints before the advisory committee;
- Dedicate staff to serve on the advisory committee;
- Reimburse members of the advisory committee for their travel and actual expenses incurred for serving on the committee;
- Maintain a record of all of the committee's proceedings; and
- Dedicate staff to develop, review and edit the committee's non-binding recommendations to the Department.

This proposal calls for MoDOT to receive, investigate and adjudicate complaints against a towing company [Section A, Subsection 9(2)]. A statutory change is required to authorize MoDOT investigators to investigate consumer complaints. Their current investigatory power is limited to issues dealing with compliance with motor carrier safety regulations and intrastate for-hire operating authority.

If this proposal passes, the rules are promulgated and the function of the new regulatory body falls within the Motor Carrier Services (MCS), we anticipate the need for the following, based on the structure of the former Household Goods regulation team. That team was part of MCS until the function was deregulated in the last decade:

- 2 FTE - Sr. Agent - Pay grade 9, Step 1 ($\$35,388 \times 2.00 \text{ FTE} = \$70,776$)
- 0.25 FTE - Motor Carrier System and Training Analyst - Pay Grade 12, Step 1 ($\$41,376 \times 0.25 \text{ FTE} = \$10,344$)
- 3 FTE - MC Senior Investigator - PG 13, Step 1 ($\$43,620 \times 3.00 \text{ FTE} = \$130,860$)
- 0.5- FTE - Supervisor - PG 14, Step 1 ($\$45,996 \times 0.50 \text{ FTE} = \$22,998$)

ASSUMPTION (continued)

- 0.25- FTE - Project Manager - PG 17, Step 1 (\$56,400 x 0.25 FTE = \$14,100)

The committee will need an FTE to handle their on-going business:

1 FTE - Senior Exec. Asst. - PG 11, Step 1 (\$39,264 x 1.00 FTE = \$39,264)

If this proposal passes, the total administrative cost to fulfill the requirements of this bill would be \$288,342 or greater, annually.

Oversight assumes MoDOT will incur costs related to this proposal; therefore, Oversight will reflect MoDOT's costs for 7 total FTE and reimbursable travel costs for members of the advisory committee on the fiscal note. Since the promulgation of rules must be done no later than January 1, 2021, Oversight will assume the FTE will be added in FY 2021 and will reflect six months of impact in FY 2021. For the seven-member Commercial Vehicle Towing Advisory Committee, Oversight will assume reimbursable costs of under \$10,000 per year.

Officials from the **Department of Revenue** and **Department of Public Safety - Missouri Highway Patrol** each assume the proposal will 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.

Officials from the **Office of the Secretary of State (SOS)** assume 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

ASSUMPTION (continued)

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.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state 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.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
STATE ROAD FUND			
<u>Cost</u> - MoDOT - reimbursable travel expenses to advisory committee members	(Less than \$10,000)	(Less than \$10,000)	(Less than \$10,000)
<u>Cost</u> - MoDOT - to administer program			
Personal Services	\$0	(\$145,613)	(\$294,138)
Fringe Benefits	\$0	<u>(\$88,510)</u>	<u>(\$177,908)</u>
<u>Total Costs</u> - MoDOT	<u>\$0</u>	<u>(\$234,123)</u>	<u>(\$472,046)</u>
Total FTE Change - MoDOT		7 FTE	7 FTE
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	<u>(Less than \$10,000)</u>	<u>Less than (\$244,123)</u>	<u>Less than (\$482,046)</u>
Estimated Net FTE Change to the State Road Fund	0 FTE	7 FTE (for 6 months)	7 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small commercial vehicle towing businesses may have a fiscal impact as a result of this proposal.

FISCAL DESCRIPTION

This act directs the Department of Transportation, in consultation with the Highway Patrol and the advisory committee created in the act, to promulgate rules regarding the towing of commercial vehicles no later than January 1, 2021.

The rules shall ensure towing companies charge fair, equitable, and reasonable rates for services rendered, be made available on the Department's website, establish a list of factors the Department will use to determine whether a charge levied by a towing company is appropriate, establish a complaint and adjudication process, establish a process that may be used to suspend or remove a company from a tow list, and establish information required to be included on any invoice or notice associated with the towing of a commercial vehicle.

The act creates within the Department of Transportation the "Commercial Vehicle Towing Advisory Committee", consisting of the members specified in the act. The advisory committee shall hold its first meeting no later than November 1, 2019.

The Department of Transportation shall keep and maintain a record of all proceedings of the advisory committee, and copies of all orders issued by the advisory committee. At the discretion of the Director of the Department of Transportation, the advisory committee shall make recommendations regarding rules for the towing of commercial vehicles, provided that the Department of Transportation shall not be required to adopt any recommendation of the advisory committee.

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 Transportation
Department of Revenue
Department of Public Safety - Missouri Highway Patrol
Office of the Secretary of State
Joint Committee on Administrative Rules



Kyle Rieman
Director
February 19, 2019

Ross Strobe
Assistant Director
February 19, 2019