

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4375-03
Bill No.: HCS for SB 782
Subject: Transportation
Type: Original
Date: May 6, 2020

Bill Summary: This proposal modifies provisions relating to transportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2025)
General Revenue*	(Could exceed \$3,542,806 to \$3,759,144)	(Could exceed \$558,826 to \$815,910)	(Could exceed \$560,085)	(Could exceed \$9,408,358)
Total Estimated Net Effect on General Revenue	(Could exceed \$3,542,806 to \$3,759,144)	(Could exceed \$558,826 to \$815,910)	(Could exceed \$560,085)	(Could exceed \$9,408,358)

*Oversight notes most of the fiscal impact for FY 2025 (\$8,847,000 of \$9,408,358) is from an extension of an existing sales tax exemption programs in §144.805.

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 50 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2025)
Aviation Trust Fund (0952)**	\$0	\$0	\$0	\$4,979,858
Blind Pension Fund (0621)	\$0 to (\$200)	\$0 to (\$200)	\$0 to (\$200)	\$0 to (\$200)
Conservation Commission Fund (0609)**	\$0	\$0	\$0	(Could exceed \$161,131)
Highway Fund (0644)	(Up to \$36,514)	(Up to \$43,817)	(Up to \$43,817)	(Up to \$43,817)
Parks, Soil, & Water Fund (0613 & 0614)**	\$0	\$0	\$0	(Could exceed \$128,905)
Port Authority AIM Zone Fund*	\$0	\$0	\$0	\$0
School District Trust Fund (0688)**	\$0	\$0	\$0	(Could exceed \$1,289,047)
Water Patrol Division Fund (0400)	\$0	\$0	Less than \$25,000	Less than \$25,000
Total Estimated Net Effect on <u>Other</u> State Funds	(Up to \$36,314 to \$36,514)	(Up to \$43,617 to \$43,817)	Up to (\$18,617 to \$18,817)	Up to \$3,381,758 to \$3,381,958

*Direct impact on the Port Authority AIM Zone Fund is assumed to net to zero

**Oversight notes this represents a continuation of existing sales tax exemptions in §144.805

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2025)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2025)
General Revenue	Up to 7 FTE	Up to 7 FTE	Up to 3 FTE	Up to 3 FTE
Total Estimated Net Effect on FTE	Up to 7 FTE	Up to 7 FTE	Up to 3 FTE	Up to 3 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 2021	FY 2022	FY 2023	Fully Implemented (FY 2025)
Local Government	Up to (\$12,171 to \$47,171)	Up to (\$14,605 to \$49,605)	Up to (\$14,605 to \$49,605)	Up to (\$11,814,605 to \$11,849,605)

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.

§32.056 - Confidential Motor Vehicle Records for Corrections Officers

In response to a similar proposal from 2020 (HB 1418), officials at the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

Missouri Department of Corrections has a total of 10,228 employees that would fall into this proposed legislation which will result in an increase of confidential record transactions processed by the Department by an estimated 20,456 records.

The average time it takes to process a new or renewal application is approximately ten minutes. At 21 working days a month (168 working hours per month), one FTE can process 12,096 per year. With the increased phone calls, correspondence, and applications, the Department will require 2 additional FTE to process the increase in confidential record transactions, and 1 FTE to handle the anticipated increase in incoming phone calls.

To implement the proposed legislation, the Motor Vehicle Bureau will be required to:

- Increase FTE by 3
- Update procedures, forms, correspondence letters, and the Department website; and
- Train staff.

FY 2020 - Motor Vehicle Bureau

Revenue Processing Tech II	3 FTE @ \$30,504.00	= \$91,512
Management Analysis Spec I	120 hrs. @ \$18.42 per hr.	= \$ 2,210
Revenue Manager	20 hrs. @ \$20.59 per hr.	= \$ 412
Total		= \$94,134

ASSUMPTION (continued)

FY 2020 - Personnel Services Bureau

Administrative Analyst III	30 hrs. @ \$19.43 per hr.	= \$ 583
Management Analysis Spec I	15 hrs. @ \$18.42 per hr.	= \$ 276
Total		= \$ 859

Total Cost = **\$94,993**

Oversight inquired of DOR in regards to the 20,456 transaction records. DOR stated these transactions are in addition to any transactions that are currently being completed for renewing motor vehicle and license records for the individuals noted in this proposal. In addition, DOR also stated 20,456 is the estimated maximum number of new transactions that would occur due to this proposal. Oversight notes this proposal also includes jailers of “any political subdivision of the state.” Therefore, **Oversight** will range the fiscal impact of this proposal as up to \$152,511 in FY 2021, \$158,826 in FY 2022 and \$160,085 in FY 2023 (up to 3 FTE required).

In response to a similar proposal from 2020 (HB 1418), officials from the **Department of Corrections, Department of Public Safety - Missouri Highway Patrol** and **Department of Transportation** each assumed the proposal would have no fiscal impact on their respective organizations.

§32.300 - Remote Driver’s License Renewal System

In response to a similar proposal from 2020 (SB 906), officials at the **Department of Revenue (DOR)** assumed the following regarding this proposal:

The Department anticipates requiring resources to communicate with optometrists, and to review vision examinations that are submitted. Due to the limited time for analysis for this fiscal note, it is unknown the amount of FTE required, but anticipates needing 0-4 FTE. If the impact of this provisions is too significant for our current staff to absorb, additional FTE will be requested through the appropriations process.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

DOR notes OA-ITSD services for system requirements for optometrist/DOR vision exam submission will be required at a cost of **\$336,528** (3,542,40 hours x \$95 per hour) in FY 2021.

ASSUMPTION (continued)

DOR also notes OA-ITSD services for the mobile driver's license renewal system will be required at a cost of **\$1,664,226** in FY 2021.

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD costs on the fiscal note.

§32.450 - Digital Driver's License Program

In response to a similar proposal from 2020 (HB 2280), officials at the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

The proposed legislation will require amendments to our current vendor contract or a request for procurement of a new license vendor contract to implement a digital driver license option, also referred to as the Mobile Driver License Application (mDL).

The cost for the digital driver license program is based on estimates provided by the Department's current licensing vendor. The Department will seek additional appropriations if a decision is made to move forward with full implementation.

There is a \$4.49 annual subscription fee associated with the purchase of an mDL, which is paid by the mDL holder to the app store when downloading the application and activating the mDL. This fee includes the app store fee and the vendor's fee. Once the app store collects its portion of the fee, the remaining fee balance is passed on to the vendor for its services.

Implementation and Program Services	\$700,000 one time
Cloud Hosting Charges	<u>\$400,000 per year</u>
First year total	\$1,100,000

Each year following: \$400,000

The actual final pricing could potentially be higher or significantly lower depending on the final scope, requirements, adoption trends, development of the alternate business models, etc. Potential models exist that could reduce and possibly eliminate these costs. Until an RFP is issued and responses from potential contractors come in, the Department will assume the high end of the cost estimates.

ASSUMPTION (continued)

Oversight does not have any information to the contrary in regards to DOR's assumptions; however, DOR has indicated the \$1,100,000 cost in FY 2021 could be lower depending on several factors. Therefore, Oversight will reflect DOR's costs of "Up to \$1,100,000" on the fiscal note.

DOR noted to implement the proposed legislation, the Department will be required to:

- Work with Office of Administration to amend the current license issuance vendor contract or issue a Request for Proposal (RFP) to compare available pricing and technology for Mobile Driver License Applications;
- Complete business requirements and design documents to modify the Missouri Electronic Driver License (MEDL) Central Issuance system, the Missouri Driver License System (MODL), Missouri AAMVA Interface (MAI), and supporting applications to allow for integration with the Mobile Driver License Application (mDL);
- Update forms, manuals, letters, and the Department website;
- Update the on-line and printed versions of the Missouri Driver Guide, Missouri Motorcycle Guide and Commercial Driver License Manual;
- Update policies, procedures, and the Uniform License Issuance Manual (ULIM);
- Train staff; and
- Deploy outreach efforts to inform the public, state and federal agencies and other entities using the Department of Revenue issued driver or nondriver license (identification card) for verification of identity of the Mobile Driver License Application (mDL).

FY 2021 - Driver License Bureau

Administrative Analyst II	1,512 hrs. @ \$17.13 per hr.	= \$25,901
Management Analysis Spec II	2,352 hrs. @ \$20.57 per hr.	= \$48,381
Revenue Manager	756 hrs. @ \$20.59 per hr.	= <u>\$15,566</u>
Total		= \$89,848

FY 2022 - Driver License Bureau

Revenue Processing Tech II	1,008 hrs. @ \$13.07 per hr.	= \$ 13,175
Administrative Analyst II	1,531 hrs. @ \$17.13 per hr.	= \$ 26,226
Management Analysis Spec II	3,659 hrs. @ \$20.57 per hr.	= \$ 75,266
Revenue Manager	766 hrs. @ \$20.59 per hr.	= <u>\$ 15,772</u>
Total		= \$130,439

ASSUMPTION (continued)

FY 2022 - Personnel Services Bureau

Administrative Analyst II	1,176 hrs. @ \$17.13 per hr.	= \$20,145
Management Analysis Spec II	1,176 hrs. @ \$20.57 per hr.	= \$24,190
Total		= \$44,335

Oversight assumes DOR could hire additional FTE as a result of this proposal. Based on the number of hours required to implement this proposal, Oversight assumes DOR could hire up to 4 additional FTE. Oversight will reflect the costs of potential FTE in the corresponding years the work will be required. Oversight assumes required hours over 1,080 may necessitate an additional FTE to be hired; therefore, Oversight assumes DOR may need 2 additional FTE in FY 2021 and four additional FTE in FY 2022.

Below is a summary of the FTE costs by fiscal year:

FY 2021 (10 Months) - Driver License Bureau

1 Administrative Analyst II
1 Management Analysis Specialist II
Salary plus fringe benefits = \$106,249

FY 2022 - Driver License Bureau

1 Administrative Analyst II
1 Management Analysis Specialist II
Salary plus fringe benefits = \$128,542

FY 2022 - Personnel Services Bureau

1 Administrative Analyst II
1 Management Analysis Specialist II
Salary plus fringe benefits = \$128,542

In response to a similar proposal from 2020 (HB 2280), officials from the **Department of Transportation (MoDOT)** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that MoDOT 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 MoDOT.

ASSUMPTION (continued)

§68.075 - Advanced Industrial Manufacturing Zones

In response to a similar proposal from 2020 (SB 636), officials from the **Missouri Department of Economic Development (DED)** stated this proposed legislation would extend the authorization of the Advanced Industrial Manufacturing Zones Act (AIM Zones) from 2023 to 2030.

The proposed legislation amends the sunset date of the AIM Zones Act which will have an economic impact. This proposed legislation allows for the extension of the AIM Zone Program. This proposed legislation may encourage economic activity through an increase in projects in AIM zones, however, DED cannot estimate the increase or decrease to Total State Revenue because there have been no issuances to date.

Oversight notes DED anticipates this proposed legislation would have a fiscal impact but cannot quantify the impact at the current time as no issuances have occurred to date. Oversight assumes the issuances mentioned by DED to be issuances to the port authorities, who would identify and establish AIM zones, from the Port Authority AIM Zone Fund.

Oversight notes the Port Authority AIM Zone Fund receives revenue derived from fifty percent (50%) of the state tax withholdings imposed by Section(s) 143.191 to 143.265 on new jobs within an AIM zone after development or redevelopment has commenced. Oversight notes the state withholdings imposed on new jobs within an AIM zone is not remitted to General Revenue (GR), rather the tax revenue is deposited into the Port Authority AIM Zone Fund.

In addition, the Port Authority AIM Zone Fund may receive appropriations from the General Assembly to be used for the administration of this act/program which is limited to no more than ten percent (10%) of the total amount deposited from withholding taxes on new jobs within an AIM zone.

In response to a similar proposal from 2020 (SB 636), officials from the **Office of Administration - Budget & Planning Division (B&P)** stated this proposed legislation has no direct impact on B&P, has no direct impact on GR or TSR and will not impact the calculation pursuant to Article X, Section 18(e) of the Missouri Constitution.

In response to a similar proposal from 2020 (SB 636), officials from **St. Louis County** stated the County anticipates no significant fiscal impact to the County's operations as a result of this proposed legislation.

ASSUMPTION (continued)

Oversight notes the **Missouri Department of Revenue, Missouri Department of Transportation, Missouri State Treasurer's Office, City of Columbia and City of Springfield** have stated the proposed legislation would not have a direct fiscal impact on their respective entities. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these entities.

Oversight will, for purposes of this fiscal note, report a fiscal impact of \$0 or (Unknown) impact to GR beginning in Fiscal Year 2024 as a result of the unknown amount of state withholding taxes that could be remitted into the Port Authority AIM Zone Fund in lieu of GR. Oversight notes the negative \$0 or (Unknown) impact can be extended to the sunset date of August 28, 2030.

Oversight will report the transfer in to the Port Authority AIM Zone Fund equal to \$0 or Unknown beginning Fiscal Year 2024 and will report the transfer out of the Port Authority AIM Zone Fund equal to \$0 or (Unknown) resulting in a net zero fiscal impact.

Oversight will further report a \$0 or Unknown impact to Local Political Subdivisions (Port Authorities/AIM Zones) beginning in Fiscal Year 2024 as a result of the unknown amount of revenue the entities could receive from state withholding tax disbursed to such entity from the Port Authority AIM Zone Fund. Oversight notes the \$0 or Unknown impact can be extended to the sunset date of August 28, 2030.

§136.055 - Department of Revenue Fee Offices

In response to a similar proposal from 2020 (SCS for SB 777), officials at the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

To enforce the regulations and ensure consistent application of these provisions, the department could see a need for additional staff. Removing any component related to wage could cause employee turnover in license offices to increase if the license offices did not pay their employees in an equitable manner due to the complexity of the transactions and the lack of understanding of the requirements by customers, often causing irate and at times hostile customers, making a lower wage even less attractive.

Below are the duties incurred by the Department when a new employee is hired at a license office:

ASSUMPTION (continued)

Approving new employees requires Central Office Staff:

- Review background checks
- Tracking required training before userid(s) are issued
- Requesting needed information from the contractor or new employee
- Add the individuals to driver license system as appropriate
- Request needed JetPay logins
- Provide approval emails to the offices so that they may request a user name and password.
- Updating USER ID spreadsheets
- Updating Employee spreadsheet
- Updating systems as needed
- Update office file

Removing employees requires Central Office Staff:

- Track that employees have been removed as required from systems ITSD is responsible for
- Remove employees from driver license system
- Request removal from JetPay
- Update employee spreadsheets
- Update office file

The Department anticipates being able to absorb this impact. If the increase in license office employee turnover is significant, additional FTE will be requested through the appropriations process.

In order to prepare and promulgate the regulations necessary for implementation of this legislation, and to effectively enforce the provision of the regulations, the department requests a delayed effective date of January 1, 2021.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

In response to a similar proposal from 2020 (SCS for SB 777), officials from the **Department of Transportation, Office of Administration** and **Office of the Governor** each assumed the proposal would have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

§137.115 - Taxation of Aircraft

In response to a similar proposal from 2019 (HB 1205), officials at the **Office of Administration Division of Budget and Planning (B&P)** assumed this proposal makes multiple technical corrections to Sections 137.115. This proposal also changes the allowed hours of flying for historical aircraft. This could increase the number of aircraft that are eligible for a reduced property tax rate. Based on information provided by the State Tax Commission, this could decrease revenues to the Blind Pension Trust Fund by \$0 to \$500. This could also decrease local revenues by \$0 to \$90,000.

This proposal will decrease Total State Revenue by up to \$500 and will impact the calculation under Article X, Section 18(e).

In response to a similar proposal from 2019 (HB 1205), officials at the **State Tax Commission** estimated the fiscal impact to local jurisdictions (school districts, cities, counties etc) to be a loss of zero to \$35,000. The change in §137.115 regarding non commercial aircraft, twenty five years old, from fifty (current law) to one hundred hours per year could have a fiscal impact on local taxing jurisdictions.

The agency does not have exact data of how many of the 905 aircraft in Missouri are within this criteria and threshold, however in 2016 HB 2784 (which did not become law) changed the number of hours to two hundred and fifty, the agency calculated the fiscal impact of that change to be up to \$90,000 to local taxing jurisdictions.

Oversight will utilize the estimate (\$35,000) provided by the State Tax Commission, assuming the \$90,000 potential loss of tax revenue estimate was based on a prior year's bill increasing the flight hours to 250 instead of 100 as proposed in this bill. Oversight has adjusted the Blind Pension Fund impact to approximately \$200 (levy of \$0.03 of an average of approximately \$7.00 x \$35,000 = \$150).

In response to a similar proposal from 2019 (HB 1205), officials at the **Department of Economic Development, Public Service Commission and Department of Revenue** each assumed there would be no fiscal impact from this proposal.

In response to a similar proposal from 2019 (HB 1205), officials at the **Clay County Assessor's Office** assumed this would have little impact on the County.

ASSUMPTION (continued)

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.

§§143.441 & 144.805 - Aviation Taxation

In response to a similar proposal from 2020 (HCS for HB 2303), officials from **Department of Revenue (DOR)** assumed Section 143.441 adds freight forwarders to the definition of corporations. DOR assumes an unknown impact on Total State Revenue and General Revenue. Additionally, the proposal would extend the sunset date on the aviation jet fuel tax in Section 144.805. This tax was to sunset on December 31, 2023 and is extended to December 31, 2033. The extension of the sunset date will not fiscally impact the Department.

For informational purposes, DOR provided the amount collected each of the last four years.

FY 2015	\$4,823,355
FY 2016	\$4,663,184
FY 2017	\$3,889,020
FY 2018	\$6,543,872

Oversight notes this proposal would continue to exempt jet fuel from state sales and use tax and local sales tax after the first \$1.5 million in state sales and use tax is paid. Aviation jet fuel for federal grant recipients, airports that have been approved for federal grant funds or which are otherwise eligible to apply for federal grant funds, would be exempt from local sales and use tax, at the rates that were in effect December 30, 1987.

Oversight Estimation of Forgone Sale and Use Tax Collection

The average sales tax collection by DOR between FY 2015 and FY 2018 was \$4,979,858.

Per U.S. Energy Information Administration the average purchase of jet fuel in Missouri between FY 2015 and FY 2018 was \$ 294.9 Million.

ASSUMPTION (continued)

The average annual cost to the state is estimated as follows (on \$294.9 million of jet fuel sales):

Tax	Potential collection	Actual collection	Difference (forgone tax)
3% GR Sales Tax	\$8,847,000	\$0	(\$8,847,000)
Aviation Trust Fund	\$0	\$4,979,858	\$4,979,858
1% School District Trust	\$2,949,000	\$1,659,953	(\$1,289,047)
1 % Park, Soil, Water	\$294,900	\$165,995	(\$128,905)
125% Conservation	\$368,625	\$207,494	(\$161,131)
Total Tax	\$12,459,525	7,013,300	(\$5,446,225)

** Estimate does not include the loss generated by section 144.809 of this proposal.*

Oversight used the above calculation to estimate the annual Local Sale tax loss as follows:

Oversight notes roughly the average local rate of sales & use tax percentage in Saint Louis Lambert International Airport (Lambert) and Kansas City International Airport (KCI) is 4.4 %. Therefore, Oversight will show fiscal impact to local political subdivisions as \$11.8 M (294 M (Avg. Jet Fuel Purchase) x 4.4%).

Oversight notes DOR indicated they did not anticipate a reduction in funding from Section 144.807, relative to what is currently collected, because the department is collecting \$0 revenue due to the exemption in current law. However, Oversight considers the extension of a sunset date as having an impact because the baseline of current law assumes the exemption would cease and the money would have been collected if not for this bill. Therefore, Oversight will show an unknown negative fiscal impact to General Revenue for the extension of the sales tax exemption authorized in Section 144.807.

Oversight has estimated the loss to political subdivisions as shown above for exempting aviation jet fuel used or consumed at airports which are recipients of federal grant funds, or have applied for or been approved for federal grant funds, from local sales and use tax, at the rates that were in effect December 30, 1987. Oversight assumes this proposed legislation would extend an existing provision by removing or changing the expiration date.

ASSUMPTION (continued)

Oversight also assumes that removing or changing the expiration date would extend any fiscal impact associated with the existing provision; therefore, Oversight will include an estimated impact in this fiscal note.

In response to a similar proposal from 2020 (HCS for HB 2303), officials from the **Department of Transportation, Department of Natural Resources, and Missouri Department of Conservation** each deferred to the DOR to estimate the fiscal impact of the proposed legislation on their respective organization.

In response to a similar proposal from 2020 (HCS for HB 2303), officials from **Department of Natural Resources (DNR)** assumed extending the sales tax exemption for aviation jet fuel could decrease the future amount of incoming revenues available in the Parks and Soils Sales Tax Funds for long term operation of Missouri's state parks and historic sites as well as assistance to agricultural landowners through volunteer programs.

The Department's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Therefore, the sales tax exemption could result in an unknown loss to the Parks and Soils Sales Tax Funds.

In response to a similar proposal from 2020 (HCS for HB 2303), officials from the **Missouri Department of Conservation (MDC)** assumed the proposal would have an unknown fiscal impact but greater than \$100,000. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. Any change in sales and use tax collected would affect revenue to the Conservation Sales Tax funds.

However, the initiative is very complex and may require adjustments to Missouri sales tax law which could cause some downside risk to the Conservation Sales Tax.

In response to a similar proposal from 2020 (HCS for HB 2303), officials from the **Office of Administration Budget and Planning (B&P)** assumed Section 143.441 adds freight forwarders to the definition of corporations. B&P assumes an unknown impact on Total State Revenue and General Revenue. Additionally, Section 144.805 would extend the sunset date from 2023 to 2033 for the aviation jet fuel sales tax exemption. B&P notes that since this is only a sunset extension this provision will not impact TSR or the calculation under Article X, Section 18(e).

ASSUMPTION (continued)

Oversight notes that DOR's and B&P's assumptions do not include forgone sales and use tax effects on each department's funds; therefore, Oversight will note the loss of revenue calculated above to MDC's and DNR's organizations as calculated within the Oversight assumption for purposes of this fiscal note.

In response to a similar proposal from 2020 (HCS for HB 2303), officials from the **Department of Public Safety - Missouri Highway Patrol** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that the agency mentioned above 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 this agency.

§144.070 - Motor Vehicle Dealer Provisions

Officials from the **Department of Revenue (DOR)** assume the proposal will have no fiscal impact on their organization.

Oversight notes that DOR 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 DOR.

§227.600 - Tube Transport System

In response to a similar proposal from 2020 (HB 1963), officials from the **Department of Transportation, Office of the Governor** and **Office of Administration** 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.

ASSUMPTION (continued)

§301.010 - Definition of Autocycle

In response to a similar proposal from 2020 (HB 1641), officials from the **Department of Transportation, Department of Public Safety - Missouri Highway Patrol** and **Department of Revenue** 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.

§301.030 - Motor Vehicle Registration Periods

In response to a previous version, 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.

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.

§301.032 - Registration Fees for Fleet Vehicles

In response to a similar proposal from 2020 (HB 2444), officials from the **Department of Revenue** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal from 2020 (HB 2444), officials from the **Department of Transportation** deferred to DOR for the fiscal impact of this proposal.

ASSUMPTION (continued)

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.

Upon further inquiry, **DOR** noted no fleet registrations have been received thus far.

Oversight notes subsection 301.032.6 was added to the Missouri Revised Statutes in 2019 (SB 89). Oversight assumes this proposal may possibly impact future revenues (or it could simply be clarifying language); however, since no fleet registration fees have been collected regarding this subsection thus far, Oversight will not reflect a fiscal impact from these changes.

§301.451 - Purple Heart Specialty Licence Plates

According to a report provided by the Department of Revenue, **Oversight** notes there are currently 200 different types of specialty license plate designs available in Missouri. From these 200 specialty license plates, there were 57,460 registrations as of September 16, 2019:

0 Registrations	Less than 100 Registrations	Less than 1,000 Registrations	More than 1,000 Registrations
47	84	54	15

For most designs, there is a \$15 initial fee to apply for each specialty license plate and a \$15 annual renewal fee. However, the following designs do not have the \$15 fee; Congressional Medal of Honor (RSMo 301.145), Disabled Veteran (RSMo 301.071), Former Prisoner of War (RSMo 301.443), Purple Heart (RSMo 301.451), Retired Military Air Force (RSMo 301.441), Retired Military Army (RSMo 301.441), Retired Military Coast Guard (RSMo 301.441), Retired Military Marine (RSMo 301.441), Retired Military Marine Corps League (RSMo 301.441), Retired Military Merchant Marine (RSMo 301.441), Retired Military National Guard (RSMo 301.441), Retired Military Navy (RSMo 301.441), and We Shall Not Forget (RSMo 301.3142).

In response to a similar proposal from 2020 (HB 1800), 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:

ASSUMPTION (continued)

- Update procedures, specialty license plate charts, rejection verbiage, correspondence letters, and the Department website;
- Update the Application for Missouri Military Personalized License Plates (DOR-4601);
- Complete programming and user acceptance testing; and
- Train staff.

FY 2021 - Motor Vehicle Bureau

Management Analyst I	80 hrs. @ \$18.42 per hr.	= \$1,473.60
Administrative Analyst I	10 hrs. @ \$14.70 per hr.	= \$ 147.00
Management Analyst II	20 hrs. @ \$20.57 per hr.	= \$ 411.40
Rev Manager	3 hrs. @ \$20.59 per hr.	= \$ <u>61.77</u>
Total Costs		= \$2,093.77

FY 2021 - Personnel Services Bureau

Administrative Analyst III	10 hrs. @ \$19.80 per hr.	= \$ 198.00
Administrative Analyst II	10 hrs. @ \$18.75 per hr.	= \$ 187.50
Management Analyst Spec I	10 hrs. @ \$18.42 per hr.	= \$ <u>184.20</u>
Total Costs		= \$569.70

Currently, the Department issues Purple Heart license plates upon payment of the regular registration fees with no specialty plate/personalization fee charged for the plates.

Under this proposal, the first issuance of Purple Heart license plates will be free with a second or subsequent issuance of plates upon payment of the regular registration fees with no specialty/personalization fee charged.

Only the first set of plates will be impacted by this proposal with a loss of those registration fees at issuance and renewal.

It is assumed that, due to the first set of plates being free, the number of Purple Heart license plate applications received and issued may increase slightly each year, but overall will remain constant, therefore no additional costs are shown.

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 **\$14,775** in FY 2021 (155.52 hours x \$95 per hour).

Revenue Impact

DOR stated currently, Purple Heart recipients can obtain Purple Heart license plates without having to pay the personalization fee, but regular registration fees still apply. This legislation will allow Purple Heart recipients to receive their first set of license plates completely free of charge. Qualified applicants can apply for a second and subsequent set of license plates without having to pay the personalization fee, but regular registration fees still apply.

The Department collected \$58,422 in registration fees in FY 2019 for Purple Heart license plates. The Department does not have a way to determine the number of Purple Heart license plates that were a second or subsequent set of plates; therefore; the Department estimates that this legislation will result in a loss of \$58,422 in registration fees annually.

	FY 2021 (10 Mos.)	FY 2022	FY 2023
Highways	(\$36,514)	(\$43,817)	(\$43,817)
Cities	(\$7,302)	(\$8,763)	(\$8,763)
Counties	(\$4,869)	(\$5,842)	(\$5,842)
Total	(\$48,685)	(\$58,422)	(\$58,422)

Source: Department of Revenue

This legislation allows the Purple Heart license plates to be transferred to a registered co-owner in the event of the qualified person's death until the co-owner's remarriage or death. It is unknown how many Purple Heart license plate holders will have their Purple Heart license plates transferred to a co-owner upon their death, but it is anticipated that the additional loss in registration fees based on this provision will be minimal. Registration fees are distributed 75/15/10 to Highways, Cities and Counties.

Oversight assumes there will be a loss of registration fees due to the Purple Heart special license plates being free for the first set. It is unknown if any of the fees collected in FY 2019 were for a second set of special license plates; therefore, Oversight will reflect a loss to the Highway Fund, Cities and Counties as "Up to \$58,422" as indicated by DOR.

ASSUMPTION (continued)

Oversight notes, according to DOR's Specialty Plate Chart as of September 16, 2019, there were 2,517 total Purple Heart plates issued. Using DOR's estimate of \$58,422 of registration fees per year, would compute to approximately \$23 per vehicle in forgone registration fees.

§§301.560 & 301.564 - Licensure for Boat Manufacturers and Dealers

In response to a similar proposal from 2020 (HB 1489), 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 this agency.

In response to a similar proposal from 2020 (HB 1489), officials at the **Department of Revenue (DOR)** assumed the following regarding this proposal:

FY2020 - Motor Vehicle Bureau

The impact to the Motor Vehicle Bureau is minimal. The Department will be responsible for updating procedures, correspondence letters, and the Dealer Operating Manual. The Department will also be responsible for sending out notifications to all boat dealers and boat manufacturers via GovDelivery.

Administrative Office Support Asst.	15 hrs. @ \$13.78 per hr.	= \$206.70
Revenue Manager	5 hrs. @ \$20.59 per hr.	= <u>\$102.95</u>
Total		\$309.65

FY2020 - Administration Division, Communications Bureau

Administrative Analyst I	15 hrs. @ \$14.70 per hr.	= \$220.50
Management Analysis Spec I	15 hrs. @ \$18.42 per hr.	= <u>\$276.30</u>
Total		\$496.80

The Department anticipates being able to absorb the costs associated with this legislation. If multiple bills pass that require Department resources, the Department may request FTE through the appropriations process.

ASSUMPTION (continued)

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

§301.576 - Third-Party Motor Vehicle Reports

In response to a similar proposal from 2020 (HCS For HB 1959), officials from the **Department of Revenue, Attorney General's Office, Department of Commerce and Insurance and Office of the State Courts Administrator** 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.

§§301.3069 & 301.3159 - Special License Plates

In response to a similar proposal from 2020 (HCS for HB 1473), 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:

- Update procedures and the Department website;
- Update the Application for Missouri Personalized and Special License Plate (DOR-1716);
- Communicate with the Central Missouri Honor Flight for development of the license plate;
- Develop the Meritorious Service Medal license plate design; and
- Complete programming and user acceptance testing for identified systems.

FY 2021 - Motor Vehicle Bureau

Management Analysis Spec I 480 hrs. @ \$18.42 per hr. = \$8,842

FY 2021 - Strategy and Communications Office

Administrative Analyst III 20 hrs. @ \$19.80 per hr. = \$ 396

ASSUMPTION (continued)

FY 2021 - General Services Bureau

Administrative Office Support Assistant 10 hrs. @ \$13.78 per hr. = \$ 138

Total Costs = **\$9,376**

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the administrative personnel costs related to this proposal.

Set-up cost:

DOR noted the Department is charged \$215 for the initial set-up, design, and programming for a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged for each plate upon passage of this bill for a cost of **\$430** in FY 2021.

Plate manufacturing cost:

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

It is unknown how many applicants would apply for these license plates. The Department is assuming 200 applicants per year at a cost to the Department of **\$625** (10 months) in FY 2021 and **\$750** in FY 2022 and FY 2023.

It is unknown how many eligible Missouri residents would apply for the Meritorious Service Medal plate license plate. If the Department receives 200 applicants per year, the cost to the Department would be **\$625** (10 months) in FY 2021 and **\$750** in FY 2022 and FY 2023.

Mailings:

It currently cost the Department, on average, \$5.55 to ship a box of 10 sets of plates to contract offices once they have completed the manufacturing process through MVE.

The mailing cost will be **\$93** (10 months) in FY 2021 and **\$111** in FY 2022 and FY 2023.

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.

ASSUMPTION (continued)

The Department would incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

Assuming 200 applications per year for each plate at a cost of **\$206** (10 months) in FY 2021 and **\$246** in FY 2022 and FY 2023 for letters (\$0.025), envelopes (\$0.040), and postage (\$0.55).

DOR noted OA-ITSD services will be required at a cost of **\$12,620** in FY 2021 (132.84 x \$95 per hour).

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the supply and mailing costs related to this proposal. Oversight will reflect the OA-ITSD costs of \$12,620 on the fiscal note.

Revenue Impact

DOR noted this legislation will result in an increase in the \$15 specialty plate reservation fees collected. It is unknown how many applicants will elect to obtain these specialty plates, but the increase should be minimal. \$15 specialty plate reservation fees are split 75-15-10 to Highways, Cities, and Counties.

Oversight assumes the increase in revenue will be minimal; therefore, Oversight will not reflect the potential increase on the fiscal note.

In response to a similar proposal from 2020 (HCS for HB 1473), officials from the **Department of Transportation (MoDOT)** deferred to DOR for the fiscal impact of this proposal.

§301.3139 - Boy Scouts of America Special License Plates

In response to a similar proposal from 2020 (HB 1704), 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:

- Update procedures and the Department website;
- Update the Application for Missouri Military Personalized License Plate (DOR-4601);
- Communicate with the Boy Scouts of America Council for development of the license plate; and

ASSUMPTION (continued)

The Department would incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

Assuming 200 applications per year at a cost of **\$103** (10 months) in FY 2021 and **\$123** in FY 2022 and FY 2023 for letters (\$0.025), envelopes (\$0.040), and postage (\$0.55).

DOR noted OA-ITSD services will be required at a cost of **\$13,852** in FY 2021 (145.81 x \$95 per hour).

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the supply and mailing costs related to this proposal. Oversight will reflect the OA-ITSD costs of \$13,852 on the fiscal note.

Revenue Impact

DOR noted this legislation will result in an increase in the \$15 specialty plate reservation fees collected. It is unknown how many applicants will elect to obtain a Boy Scouts of America specialty plate, but the increase should be minimal. \$15 specialty plate reservation fees are split 75-15-10 to Highways, Cities, and Counties.

Oversight notes the Boy Scouts of America specialty license plate was first authorized in 2004 and additional revenues and costs were indicated in the fiscal note at that time. Oversight notes there are zero Boy Scouts of America specialty license plates issued as of September 16, 2019. Oversight notes this proposal removes the provision that the organization be required to submit a list of potential applicants for the specialty license plate. Oversight assumes there is no additional direct fiscal impact to DOR as a result of this proposal.

§301.3174 - Special License Plates for the Association of Missouri Electric Cooperatives

In response to a similar proposal from 2020 (HCS for HB 2040), 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:

- Update procedures and the Department website;

ASSUMPTION (continued)

Revenue Impact

DOR noted this legislation will result in an unknown, but potentially minimal increase in the \$15 specialty plate reservation fees collected since more vehicles will be eligible for them. \$15 specialty plate reservation fees are split 75-15-10 to Highways, Cities, and Counties.

Oversight assumes the increase in revenue will be minimal; therefore, Oversight will not reflect the potential increase on the fiscal note. Oversight notes the Association of Missouri Electric Cooperatives specialty license plate was authorized in 2019. As of February 3, 2020, there have been no plates issued. DOR still needs the \$5,000 fee and 200 applications before these plates can be issued.

In response to a similar proposal from 2020 (HCS for HB 2040), officials from the **Department of Transportation (MoDOT)** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that MoDOT 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 MoDOT.

§301.3176 - “Backstoppers” Special License Plate

In response to a similar proposal from 2020 (HB 2429), 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:

- Update procedures and the Department website;
- Update the Application for Missouri Personalized and Special License Plate (DOR-1716);
- Communicate with the BackStoppers organization for development of the license plate; 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

ASSUMPTION (continued)

FY 2020 - Strategy and Communications Office

Administrative Analyst III 10 hrs. @ \$19.80 per hr. = \$ 198

FY 2020 - General Services Bureau

Administrative Office Support Assistant 5 hrs. @ \$13.78 per hr. = \$ 69

Total Costs = \$4,688

Set-up cost:

The Department is charged **\$215** for the initial set-up, design, and programming for a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY 2021.

Plate manufacturing cost:

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

It is unknown how many applicants would apply for these license plates. The Department is assuming 200 applicants per year at a cost to the Department of **\$625** (10 months) in FY 2021 and **\$750** in FY 2022 and FY 2023.

Mailings:

It currently costs the Department, on average, \$5.55 to ship a box of 10 sets of plates to contract offices once they have completed the manufacturing process through MVE.

The mailing cost will be **\$93** (10 months) in FY 2021 and **\$111** in FY 2022 and FY 2023.

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 an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

Assuming 200 applications per year at a cost of **\$103** (10 months) in FY 2021 and **\$123** in FY 2022 and FY 2023 for letters (\$0.025), envelopes (\$0.040), and postage (\$0.55).

ASSUMPTION (continued)

DOR noted OA-ITSD services will be required at a cost of **\$10,569** (111.25 hours x \$95 per hour) in FY 2021.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the supply and mailing costs related to this proposal. Oversight will reflect the OA-ITSD costs of \$10,569 on the fiscal note.

Revenue Impact

DOR noted this legislation will result in an increase in the \$15 specialty plate reservation fees collected. It is unknown how many applicants will elect to obtain a BackStoppers specialty plate, but the increase should be minimal. Fifteen dollar specialty plate reservation fees are split 75-15-10 to Highways, Cities, and Counties.

Oversight assumes the increase in revenue will be minimal; therefore, Oversight will not reflect the potential increase on the fiscal note.

In response to a similar proposal from 2020 (HB 2429), officials from the **Department of Transportation (MoDOT)** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that MoDOT 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 MoDOT.

§302.171 - Department of Revenue Acceptance of Electronic Documents for Verification of Missouri Residency

In response to a similar proposal from 2020 (HB 1744), officials from the **Department of Revenue (DOR)** assumed the proposal would have no fiscal impact on their organization. DOR notes it is current policy to accept residency verification documents in an electronic format for non-REAL ID compliant transactions as long as the electronic document meets minimum requirements. Per the federal REAL ID of 2005, images of the source documents presented for a REAL ID compliant card must be scanned and retained for a minimum of ten years. The requirement to scan the documents restricts the ability to accept a visual verification of an electronic document.

ASSUMPTION (continued)

Oversight notes that DOR 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 DOR.

§302.188 - Veteran Status on Driver's Licenses and Identification Cards

In response to a similar proposal from 2020 (HCS for HB 1607), 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:

- Work with the driver license issuance vendor to modify driver license and nondriver license card design to allow for placement of the proposed data string detailing the requested medical notation;
- Complete user acceptance testing of the Missouri Electronic Driver License (MEDL) issuance system and supporting applications for the notation and folio change;
- Submit a change request to the current license vendor to modify the driver license and nondriver identification card and request a placeholder for a veteran notation on the front of the license;
- Update forms, manuals, correspondence letters, and the Department website;
- Update the mail-in application forms for military renewal application;
- Update the on-line and printed versions of the Missouri Driver Guide, Missouri Motorcycle Guide and Commercial Driver License Manual;
- Update policies, procedures, and the Uniform License Issuance Manual (ULIM); and
- Train staff.

FY 2021 - Driver License Bureau

Administrative Analyst II	80 hrs. @ \$17.13 per hr.	= \$1,370
Management Analysis Spec II	80 hrs. @ \$20.57 per hr.	= \$1,646
Revenue Manager	80 hrs. @ \$20.59 per hr.	= \$1,647
Total		= \$4,663

FY 2021 - Personnel Services Bureau

Administrative Analyst II	10 hrs. @ \$18.75 per hr.	= \$187.50
Management Analysis Spec I	30 hrs. @ \$18.75 per hr.	= \$562.50
Total		= \$750.00
Total Costs		= \$ 5,413

ASSUMPTION (continued)

License Vendor Cost FY 2021

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 **\$3,386** in FY 2021 (35.64 x \$95 per hour).

Oversight assumes DOR is provided with core funding to handle a certain amount of computer programming activity each year. Oversight assumes DOR could absorb the programming costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

In response to a similar proposal from 2020 (HCS for HB 1607), officials from the **Department of Transportation** and **Office of the Secretary of State** each assumed the proposal would have no fiscal impact on their respective organizations.

§302.205 - Medical Alert Notation on Driver's Licenses and Identification Cards

In response to a similar proposal from 2020 (HCS for HB 1334), officials at the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

The proposed legislation would require the Department to work with our license issuance vendor to modify the card design for driver license and nondriver identification card printing to include a medical notation for specific medical conditions, illnesses, and disorders. The current card format does not have the available space to allow for a string of information as it appears to be required by the proposed language. Redesigning the card to allow this additional notation may require reduction of important license restriction information or the card may not comply with the 2016 Card Design Standards. DOR would need to:

- Work with the driver license issuance vendor to modify driver license and nondriver license card design to allow for placement of the proposed data string detailing the requested medical notation;

ASSUMPTION (continued)

- Complete business requirements and design documents to modify the Missouri Electronic Driver License (MEDL) issuance system, the Central Driver Information System (CDIS), and the Missouri Driver License System (MODL) in relation to the medical alert notation;
- Complete programming and user acceptance testing of the Missouri Electronic Driver License (MEDL) issuance system and supporting applications;
- Submit a change request to the current license vendor to modify the fillable donor information section on the back of the driver license and nondriver identification card and request a placeholder for a medical information notations;
- Complete testing with factory print facility for data changes and card design changes for the new medical alert notation;
- Update forms, manuals, correspondence letters, and the Department website;
- Create a new application form for applicants to request a medical notation, including the waiver and space for the physician's sworn statement;
- Update the mail-in application forms for military renewal application;
- Update the on-line and printed versions of the Missouri Driver Guide, Missouri Motorcycle Guide and Commercial Driver License Manual;
- Update policies, procedures, and the Uniform License Issuance Manual (ULIM); and
- Train staff.

FY 2021 - Driver License Bureau

Administrative Analyst II	1,192 hrs. @ \$17.13 per hr.	= \$20,419
Management Analysis Spec II	2,032 hrs. @ \$20.57 per hr.	= \$41,798
Revenue Manager	240 hrs. @ \$20.59 per hr.	= \$ 4,942
Total		= \$67,159

FY 2021 - Personnel Services Bureau

Administrative Analyst III	120 hrs. @ \$19.80 per hr.	= \$2,376
Management Analysis Spec I	120 hrs. @ \$18.42 per hr.	= \$2,210
Total		= \$4,586

FY 2022 - Driver License Bureau

Administrative Analyst II	40 hrs. @ \$17.13 per hr.	= \$ 685
Management Analysis Spec II	40 hrs. @ \$20.57 per hr.	= \$ 823
Revenue Manager	20 hrs. @ \$20.59 per hr.	= \$ 412
Total		= \$1,920

Total Costs = **\$73,665**

ASSUMPTION (continued)

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 2021 (\$110,089) only.

DOR noted:

License Vendor Cost FY 2021

Due to the extensive changes that may be required to add this variable notation, the estimated one-time cost for the vendor card redesign development, testing, and implementation is **\$75,000**.

Oversight does not have any information to the contrary in regards to DOR's assumptions regarding vendor costs; therefore, Oversight will reflect DOR's vendor costs on the fiscal note.

DOR noted OA-ITSD states services will be required at a cost of **\$122,197** (1,286.28 hours x \$95 per hour) in FY 2021 to implement these changes.

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 the MEDL, MODL, and CDIS systems. ITSD estimates the project would take 1,286.28 hours at a contract rate of \$95 per hour for a total cost to the state of \$122,197. 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 an additional IT Specialist to perform the work required from this bill. However, for fiscal note purposes, Oversight will reflect the cost of **\$122,197** as indicated by OA-ITSD and DOR.

In response to a similar proposal from 2020 (HCS for HB 1334), officials from the **Department of Transportation** and **Department of Health and Senior Services** each assumed the proposal would have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

In response to a similar proposal from 2020 (HCS for HB 1334), officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assumed the proposal would have no fiscal impact on their organization. MHP will be required to make a change to accept the new field from the DOR, but can make this change with in-house personnel and minimal development time.

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.

§304.170 - Weight and Length Restrictions for Trailers Designed to Carry Harvested Cotton

In response to a similar proposal from 2020 (HCS for HB 2128), officials from the **Department of Agriculture, Department of Transportation, Department of Public Safety - Missouri Highway Patrol and Department of Revenue** 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.

§§304.172 & 304.180 - Weigh and Load Restrictions for Emergency Vehicles Operating on Interstates

In response to a similar proposal from 2020 (HB 2539), officials from the **Department of Transportation (MoDOT)** assumed the proposal would have no fiscal impact on their organization. MoDOT stated this proposal is a federally mandated correction to current statute, and failure to comply will result in federal monies to the State Road Fund to be redirected to achieving federal compliance. This would cost MoDOT approximately \$2.6 million in one-time signage costs and would cost counties and municipalities approximately \$6.2 million in one-time signage costs.

Oversight assumes this proposal will put Missouri in compliance with federal mandates; therefore, Oversight assumes there will be no additional costs to MoDOT.

In response to a similar proposal from 2020 (HB 2539), officials from the **Department of Public Safety - Missouri Highway Patrol** assumed the proposal would have no fiscal impact on their organization.

ASSUMPTION (continued)

§§305.800, 305.802, 305.804, 305.806, 305.808 & 305.810 - Removal and Disposal of Abandoned Aircraft

In response to a similar proposal from 2020 (HCS for HB 1333), officials from the **Department of Transportation (MoDOT)** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that MoDOT 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 that agency.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, several Recorders of Deeds were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

Oversight assumes the procedures governing the removal and disposal of abandoned aircraft would not be invoked often enough to materially impact the budget of any affected political subdivision.

§306.127 - Temporary Boater Safety Identification Cards Sunset Extension

In response to a similar proposal from 2020 (SB 782), officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assumed the proposal would have no fiscal impact on their organization. MHP notes the Water Patrol Division currently has a system in place regarding the temporary boater identification cards.

Oversight inquired of MHP as to how many temporary boater safety identification cards have been issued. **MHP** stated the following:

CY 2019: 3,561 cards purchased at a cost of \$7.75 each for a total of \$27,597.75 (net)

CY 2018: 2,798 cards purchased at a cost of \$7.75 each for a total of \$21,684.50 (net)

CY 2017: 2,696 cards purchased at a cost of \$7.75 each for a total of \$20,894.00 (net)

MHP notes the temporary boater safety identification cards are sold for \$9; however, Jet Pay (payment processing vendor) collects \$1.25 of the \$9.

ASSUMPTION (continued)

CY 2019: 3,561 payments processed at \$1.25 each (to Jet Pay) for a total of \$4,451.25
CY 2018: 2,798 payments processed at \$1.25 each (to Jet Pay) for a total of \$3,497.50
CY 2017: 2,696 payments processed at \$1.25 each (to Jet Pay) for a total of \$3,370.00

Oversight notes the fund balance in the Water Patrol Division Fund (0400) as of March 31, 2020 was \$1,923,629.

Oversight notes that the authority to issue temporary boater safety identification cards and collect the associated fees in Section 306.127, RSMo expires on December 31, 2022. This proposal extends that expiration date to December 31, 2032. Therefore, Oversight will reflect a revenue extension (continuance) of "Less than \$30,000" beginning January 1, 2023 for this proposal. In addition, Oversight will reflect a continuing cost of "Less than \$5,000" beginning January 1, 2023 for a net fiscal impact of "Less than \$25,000."

§407.1329 - Recreation Vehicle Dealer Agreements

In response to a similar proposal from 2020 (HCS for HB 1912), officials from the **Attorney General's Office** and **Department of Revenue** 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.

Bill as a Whole

In response to similar proposals with similar rules language, 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.

ASSUMPTION (continued)

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.

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.

FISCAL IMPACT - State Government	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
GENERAL REVENUE FUND				
Cost - DOR				
(§32.056) p. 5	Up to...	Up to...	Up to...	Up to...
Personal Services	(\$76,260)	(\$92,427)	(\$93,351)	(\$94,285)
Fringe Benefits	(\$59,886)	(\$65,255)	(\$65,562)	(\$65,872)
Expense and Equipment	(\$16,365)	(\$1,144)	(\$1,172)	(\$1,201)
Total Costs - DOR	(\$152,511)	(\$158,826)	(\$160,085)	(\$161,358)
FTE Change - DOR	Up to 3 FTE	Up to 3 FTE	Up to 3 FTE	Up to 3 FTE
<u>Cost - DOR - OA- ITSD costs</u>				
(§32.300) p. 5	(\$336,528)	\$0	\$0	\$0
<u>Cost - DOR - OA- ITSD costs</u>				
(§32.300) p. 6	(\$1,664,226)	\$0	\$0	\$0
<u>Cost - DOR - implementation and program services</u>				
(§32.450) p. 6	(Up to \$700,000)	\$0	\$0	\$0
<u>Cost - DOR - cloud hosting services</u>				
(§32.450) p. 6	(Up to \$400,000)	(Up to \$400,000)	(Up to \$400,000)	(Up to \$400,000)

FISCAL IMPACT -
State Government
 (continued)

	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
<u>Cost - DOR -</u> Administrative costs (ranged from \$0 or up to costs of FTE per fiscal year) (\$32.450) p. 7-8	\$0 to (106,249)	\$0 to (\$257,084)	\$0	\$0
FTE Change - DOR	0 or 2 FTE	0 or 4 FTE	0 FTE	0 FTE
<u>Cost - DOR - OA-</u> ITSD programming (\$301.451) p. 20	(\$14,775)	\$0	\$0	\$0
<u>Cost - DOR - OA-</u> ITSD (§§301.3069 & 301.3159) p. 24	(\$12,620)	\$0	\$0	\$0
<u>Cost - DOR - OA-</u> ITSD services (\$301.3139) p. 26	(\$13,852)	\$0	\$0	\$0
<u>Cost - DOR - OA-</u> ITSD services (\$301.3174) p. 27	(\$40,528)	\$0	\$0	\$0
<u>Cost - DOR - OA-</u> ITSD services (\$301.3176) p. 30	(\$10,569)	\$0	\$0	\$0

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
<u>Cost - DOR -</u> Administrative costs (ranged from using existing staff to hiring two (2) additional FTE for FY 2021) (\$302.205) p. 34	\$0 to (\$110,089)	\$0	\$0	\$0
FTE Change - DOR	0 or 2 FTE	0 FTE	0 FTE	0 FTE
<u>Cost - DOR - vendor</u> cost for card redesign (\$302.205) p. 34	(\$75,000)	\$0	\$0	\$0
<u>Cost - DOR - OA-</u> ITSD costs (\$302.205) p. 34	(\$122,197)	\$0	\$0	\$0
<u>Revenue Reduction -</u> State tax withholding diverted into Port Authority AIM Zone Fund (\$68.075) p. 10	\$0	\$0	\$0	\$0 or (Unknown)
<u>Loss - Air Freight</u> Forwarders defined as Corporations (\$143.441) p. 14	(Unknown)	(Unknown)	(Unknown)	(Unknown)

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
<u>Loss - Jet Fuel Tax</u> <u>Sales Exemption</u> (\$144.805) p. 14	\$0	\$0	\$0	(\$8,847,000)
<u>Loss - Jet Fuel</u> <u>Storage Exemption</u> (\$144.807) p. 14	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(Could exceed \$3,542,806 to <u>\$3,759,144</u>)	(Could exceed \$558,826 to <u>\$815,910</u>)	(Could exceed <u>\$560,085</u>)	(Could exceed <u>\$9,408,358</u>)
Estimated net FTE change to the General Revenue Fund	Up to 7 FTE	Up to 7 FTE	Up to 3 FTE	Up to 3 FTE
AVIATION TRUST FUND				
<u>Income -</u> Continuation of Direct Payments (\$144.805) p. 14	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,979,858</u>
ESTIMATED NET EFFECT ON THE AVIATION TRUST FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,979,858</u>

FISCAL IMPACT -
State Government
 (continued)

FY 2021
 (10 Mo.)

FY 2022

FY 2023

Fully
 Implemented
 (FY 2025)

**BLIND PENSION
 FUND**

Revenue Reduction -
 Loss of property tax
 revenue from
 expansion of hours
 for taxation of
 aircraft (§137.115)
 p. 12

\$0 to (\$200)

\$0 to (\$200)

\$0 to (\$200)

\$0 to (\$200)

**ESTIMATED NET
 EFFECT ON THE
 BLIND PENSION
 FUND**

\$0 to (\$200)

\$0 to (\$200)

\$0 to (\$200)

\$0 to (\$200)

**CONSERVATION
 COMMISSION
 FUNDS**

Loss - Jet Fuel Sales
 Tax Exempt
 (§144.805) p. 14

\$0

\$0

\$0

(\$161,131)

Loss - Jet Fuel
 Storage Exemption
 (§144.807) p. 14

\$0

\$0

\$0

(Unknown)

**ESTIMATED NET
 EFFECT ON
 CONSERVATION
 COMMISSION
 FUNDS**

\$0

\$0

\$0

**(Could exceed
\$161,131)**

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
HIGHWAY FUND				
<u>Loss - first set of</u> Purple Heart special license plates free (\$301.451) p. 20	<u>(Up to \$36,514)</u>	<u>(Up to \$43,817)</u>	<u>(Up to \$43,817)</u>	<u>(Up to \$43,817)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>(Up to \$36,514)</u>	<u>(Up to \$43,817)</u>	<u>(Up to \$43,817)</u>	<u>(Up to \$43,817)</u>
PARK, SOIL, WATER FUND				
<u>Loss - Jet Fuel Sales</u> Tax Exempt (\$144.805) p. 14	\$0	\$0	\$0	(\$128,905)
<u>Loss - Jet Fuel</u> Storage Exemption (\$144.807) p. 14	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON PARK, SOIL AND WATER FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	(Could exceed <u>\$128,905</u>)

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
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**PORT
 AUTHORITY AIM
 ZONE FUND**

<u>Revenue Gain -</u> Transfer In - State tax withholding diverted from GR into Port Authority Aim Zone Fund (§68.075) p. 10	\$0	\$0	\$0	\$0 or Unknown
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<u>Revenue Loss -</u> Transfer Out - State tax withholding diverted from GR into Port Authority Aim Zone Fund disbursed to Port Authorities (§68.075) p. 10	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
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ESTIMATED NET EFFECT ON PORT AUTHORITY AIM ZONE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
SCHOOL DISTRICT TRUST FUND				
<u>Loss - Jet Fuel Sales</u> Tax Exempt (\$144.805) p. 14	\$0	\$0	\$0	(\$1,289,047)
<u>Loss - Jet Fuel</u> Storage Exemption (\$144.807) p. 14	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE SCHOOL DISTRICT TRUST FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	(Could exceed <u>\$1,289,047</u>)

FISCAL IMPACT -
State Government
 (continued)

FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
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**WATER PATROL
 DIVISION FUND**

Revenue Extension
 - MHP - Extension
 of Fee (§306.127)
 from 12/31/2022 to
 12/31/2032 - \$9 fee
 on average of over
 3,000 cards issued
 annually (§306.127)
 p. 37

\$0

\$0

(Less than
 \$30,000)

(Less than
 \$30,000)

Cost - MHP - \$1.25
 payment processing
 fee to Jet Pay
 (§306.127) p. 37

\$0

\$0

(Less than
\$5,000)

(Less than
\$5,000)

**ESTIMATED NET
 EFFECT ON THE
 WATER PATROL
 DIVISION FUND**

\$0

\$0

**Less than
\$25,000**

**Less than
\$25,000**

<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
LOCAL POLITICAL SUBDIVISIONS				
<u>Revenue Gain -</u> Disbursements to the Port Authority from the Port Authority Aim Zone Fund (\$68.075) p. 10	\$0	\$0	\$0	\$0 or Unknown
<u>Revenue Reduction -</u> Locals loss of property tax from expansion of hours for taxation of aircraft (\$137.115) p. 12	\$0 to (\$35,000)	\$0 to (\$35,000)	\$0 to (\$35,000)	\$0 to (\$35,000)
<u>Loss - Jet Fuel Sales</u> Tax Exempt (\$144.805) p. 14	\$0	\$0	\$0	(\$11,800,000)
<u>Loss - Jet Fuel</u> Storage Exemption (\$144.807) p. 14	\$0	\$0	\$0	(Unknown)
<u>Loss - Cities (15%) -</u> first set of Purple Heart special license plates free (\$301.451) p. 20	(Up to \$7,302)	(Up to \$8,763)	(Up to \$8,763)	(Up to \$8,763)

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
<u>Loss - Counties</u> (10%) - first set of Purple Heart special license plates free (§301.451) p. 20	<u>(Up to \$4,869)</u>	<u>(Up to \$5,842)</u>	<u>(Up to \$5,842)</u>	<u>(Up to \$5,842)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Up to (\$12,171 <u>to \$47,171</u>)	Up to (\$14,605 <u>to \$49,605</u>)	Up to (\$14,605 <u>to \$49,605</u>)	Up to (\$11,814,605 to <u>\$11,849,605</u>)

FISCAL IMPACT - Small Business

§32.450 - Small businesses wanting to implement verification programs, beyond visual verification, may be required to invest in devices or applications to authenticate or accept shared information from a Mobile Driver License as a result of this proposal.

§137.115 - May impact small businesses that operate a qualifying aircraft.

§143.441 - Small businesses that buy aviation fuel would be impacted as a result of this proposal.

§301.576 - Small business vehicle dealers could be impacted by this proposal.

§§305.800 - 305.810 - Small businesses that own either aircraft or airports could be impacted by this proposal.

§407.1329 - Small business RV dealers may be impacted by this proposal.

FISCAL DESCRIPTION

The proposed legislation modifies provisions relating to transportation.

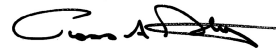
This legislation is federally mandated (§§304.172 & 304.180), would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Corrections
Department of Public Safety - Missouri Highway Patrol
Department of Transportation
Office of the Secretary of State
Joint Committee on Administrative Rules
Missouri Department of Economic Development
Office of Administration - Budget & Planning Division
Missouri Department of Conservation
Department of Natural Resources
Attorney General's Office
Office of Administration
Office of the Governor
Department of Commerce and Insurance
St. Louis County
Department of Health and Senior Services
Office of the State Courts Administrator
Public Service Commission
Department of Agriculture
State Tax Commission
Clay County Assessor
Missouri Association of Counties



Julie Morff
Director
May 6, 2020



Ross Strobe
Assistant Director
May 6, 2020