

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5011-01  
Bill No.: SB 906  
Subject: Crimes and Punishment; Federal - State Relations; Fees; Insurance - Motor Vehicle; Licenses - Driver's; Licenses - Motor Vehicle; Motor Fuel; Motor Vehicles; Department of Revenue; Transportation; Department of Transportation  
Type: Original  
Date: March 4, 2020

Bill Summary: This proposal modifies provisions relating to the Department of Revenue.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue*	(\$2,113,765)	\$0	\$1,786,494
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$2,113,765)</b>	<b>\$0</b>	<b>\$1,786,494</b>

\*Oversight notes this does not reflect the prospect of purchasing a new Motor Vehicle and Driver License Integrated System, which the Department of Revenue has estimated to cost \$105,000,000 - or \$35,000,000 annually over the three years scope of the fiscal note.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Highway Fund	\$0	\$0	\$46,758,058
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,758,058</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 13 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,586,019</b>

## FISCAL ANALYSIS

### ASSUMPTION

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

#### §§301.020 & 301.055

Proposed legislation eliminates passenger registration assessment by taxable horsepower rate to assessment based on motor vehicle's fuel economy rating in miles per gallon (MPG).

In order to evaluate MPG rating as outlined by the proposed language, necessary software and system enhancements for the majority of the department's motor vehicle systems would be required to implement the mandated assessment rating.

Furthermore, language establishes an annual registration assessment fee for plug-in electric hybrid vehicles (plug-in) as \$112.50, electric vehicles as \$125.00, and modifies motorcycle registration from \$8.50 to \$10.00.

#### §301.057

Proposed language restructures the annual assessment fee for property-carrying commercial motor vehicles, not including property-carrying local commercial motor vehicles, or land improvement commercial motor vehicles. As outlined, the new fee structure will eliminate three, current itemized ranges for vehicles with a gross weight of 6,000 pounds and under, 6,001 pounds to 9,000, and 9,001 pounds to 12,000 and incorporate them under one range of 12,000 pound or less with an annual registration fee of \$25.

With the elimination of the (3) gross weight ranges, the department assumes necessary actions will be required to convert all applicable registrations to reflect the new gross weight range and fee (where applicable), at the time of the next registration transactions.

#### §301.058

Proposed language restructures the annual assessment fee for property-carrying local commercial motor vehicles, not land improvement motor vehicles.

As outlined, the new fee structure will eliminate three current itemized ranges for vehicles with a gross weight of 6,000 pounds and under, 6,001 pounds to 12,000, and 12,001 pounds to 18,000 and incorporate them under one range of 18,000 pound or less with an annual registration fee of \$25.

ASSUMPTION (continued)

With the elimination of the three gross weight ranges, the department assumes necessary actions will be required to convert all applicable registrations to reflect the new gross weight range and fee (where applicable), at the time of the next registration transactions. Furthermore, personalized and specialty plate owners of said referenced gross weight will be required to have their plate updated to reflect the gross weight rating of 18,000.

Administrative Impact

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

- Update department policies and procedures (online and printed versions);
- Update the website to reflect proposed changes;
- Write business requirements, hold and attend design meetings, create test cases, complete user acceptance testing, and be responsible for post deployment testing; and
- Implement a level 3 media plan for the implementation of MPA rating fee assessment and restructure of gross weight registration assessment.

FY 2021 - Communications and Strategy Office

Administrative Analyst I	10 hrs. @ \$18.75 per hr.	= \$	188
Total		\$	188

FY 2021 - Motor Vehicle Bureau

Administrative Analyst I	38 hrs. @ \$14.70 per hr.	= \$	559
Management Analysis Spec I	300 hrs. @ \$18.42 per hr.	= \$	5,526
Management Analysis Spec II	75 hrs. @ \$20.57 per hr.	= \$	1,543
Revenue Processing Tech. II	38 hrs. @ \$13.07 per hr.	= \$	497
Revenue Manager	9 hrs. @ \$20.59 per hr.	= \$	185
Total		\$	8,309

**Total:** **\$ 8,498**

**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 to implement the provisions of this legislation, the Department would require funding in the amount of **\$105,000,000** for a new Motor Vehicle and Driver License Integrated system (broken down into \$35,000,000 per fiscal year).

ASSUMPTION (continued)

Below is the ITSD cost if implementation is required without a new integrated system.

**\$2,113,765** (22,250 hours x \$95 per hour) in FY 2021

**Oversight** does not have any information to the contrary in regards to DOR’s OA-ITSD assumptions; therefore, Oversight will range the fiscal impact from \$105,000,000 (new Motor Vehicle and Driver Licenses Integrated system broken down to \$35,000,000 per fiscal year) to \$2,113,765 (OA-ITSD services required in place of new integrated system in FY 2021) on the fiscal note.

Revenue Impact

§301.055

**DOR** notes passenger vehicle registration will increase in revenue as displayed below. \*MPG model revenue projections were received from the Missouri Department of Transportation. Existing Taxable Horsepower numbers (THP) came from the Department of Revenue Fiscal Year data. Data is based on 2% inflation per year.

FY 2021

Number of Vehicles: 4,489,036

Projected Revenue (per MoDOT model): \$153,943,432

Distribution	Existing Taxable Horsepower	Proposed Miles Per Gallon	Difference in Revenue
	\$92,533,176	\$149,325,129	\$56,791,953
DOR*	\$3,226,719	\$4,618,303	\$1,391,584
MoDOT	\$66,979,843	\$108,530,120	\$41,550,277
Cities (15%)	\$13,395,969	\$21,706,024	\$8,310,055
Counties (10%)	\$8,930,646	\$14,470,683	\$5,540,037

\*DOR can retain 2% of collections which is deposited into General Revenue

ASSUMPTION (continued)

FY 2022

Number of Vehicles: 4,544,641

Projected Revenue (per MoDOT model): \$161,551,819

Distribution	Existing Taxable Horsepower	Proposed Miles Per Gallon	Difference in Revenue
	\$94,383,840	\$156,705,264	\$62,321,424
DOR*	\$3,266,688	\$4,846,555	\$1,579,867
MoDOT	\$68,337,864	\$113,894,032	\$45,556,168
Cities (15%)	\$13,667,573	\$22,778,806	\$9,111,234
Counties (10%)	\$9,111,715	\$15,185,871	\$6,074,156

\*DOR can retain 2% of collections which is deposited into General Revenue

FY 2023

Number of Vehicles: 4,604,096

Projected Revenue (per MoDOT model): \$169,863,954

Distribution	Existing Taxable Horsepower	Proposed Miles Per Gallon	Difference in Revenue
	\$96,271,516	\$164,768,035	\$68,496,519
DOR*	\$3,309,424	\$5,095,919	\$1,786,494
MoDOT	\$69,728,569	\$119,754,088	\$50,032,519
Cities (15%)	\$13,944,314	\$23,950,818	\$10,006,504
Counties (10%)	\$9,296,209	\$15,967,212	\$6,671,002

\*DOR can retain 2% of collections which is deposited into General Revenue

Plug-in electric hybrid vehicles and electric vehicles are currently registered at the lowest passenger vehicle level, and the system does not separate the two. Therefore, there is not a way to determine the impact creating separate fees and the impact of increasing those fees. However, due to the low number of these types of vehicles currently, the Department believes the annual increase in registration fees will be minimal.

ASSUMPTION (continued)

The department will experience a minimal increase in revenue due to the increase in annual registration fee assessment for motorcycle registrations in the amount of **\$208,554** (fees are distributed 75% to the Highway Fund/15% to Cities/10% to Counties).

<b>FY 2019 Motorcycle Registrations</b>	<b>Current Fee</b>	<b>Proposed Fee</b>	<b>Difference</b>	<b>Total Revenue Increase (FY 2023)</b>
139,036	\$8.50	\$10.00	\$1.50	\$208,554.00

§§301.057 & 301.058

The department will experience an estimated revenue loss as it relates to the revised gross weight registration fee structure for local and beyond local truck registrations (fees are distributed 75% to the Highway Fund/15% to Cities/10% to Counties)..

<b>Current Truck Weight Registration</b>	<b>Number of Registrations</b>	<b>Current Fee</b>	<b>Current Revenue</b>	<b>Proposed Fee</b>	<b>Proposed Revenue</b>	<b>Total Change in Revenue (FY 2023)</b>
Local 6,000 lb	13,803	\$15.50	\$213,947	\$25.00	\$345,075	\$131,129
Beyond Local 6,000 lb	764,277	\$25.50	\$19,489,064	\$25.00	\$19,106,925	(\$382,139)
Local 12,000	6,609	\$18.00	\$118,962	\$25.00	\$165,225	\$46,263
Beyond Local 12,000 lb	336,135	\$38.00	\$12,773,130	\$25.00	\$8,403,375	(\$4,369,755)
<b>Total</b>						<b>(\$4,574,502)</b>

**Oversight** does not have any information to the contrary in regards to DOR’s assumptions; therefore, Oversight will reflect DOR’s revenue estimates on the fiscal note. Oversight notes the effective date of this proposal is July 1, 2022 (FY 2023); therefore, Oversight will only reflect the revenue estimates for FY 2023 on the fiscal note.

Officials from the **Department of Transportation** defer to DOR for the fiscal impact of this proposal.

Officials from the **Department of Commerce and Insurance** and **Department of Public Safety - Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations.

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.

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 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
<b>GENERAL REVENUE FUND</b>			
Revenue - DOR - 2% collection fee	\$0	\$0	\$1,786,494
Cost - DOR - new integrated system vs. OA-ITSD costs	(\$2,113,765)	\$0	\$0
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b>(\$2,113,765)</b>	<b>\$0</b>	<b>\$1,786,494</b>



FISCAL IMPACT - State Government (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>HIGHWAY FUND</b>			
Revenue - MoDOT - increased fees for miles per gallon based fee schedule p. 6	\$0	\$0	\$50,032,519
Revenue - MoDOT - increased fee for motorcycle registrations p. 7	\$0	\$0	\$156,416
Loss - MoDOT - change in fee structure for trucks over 6,000 lbs p. 7	\$0	\$0	(\$3,430,877)
<b>ESTIMATED NET EFFECT ON THE HIGHWAY FUND</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,758,058</b>

FISCAL IMPACT - Local Government	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
Revenue - Cities (15%) - increased fees for miles per gallon based fee schedule p. 6	\$0	\$0	\$10,006,504
Revenue - Counties (10%) - increased fees for miles per gallon based fee schedule p. 6			\$6,671,002
Revenue - Cities (15%) - increased fee for motorcycle registrations p. 7	\$0	\$0	\$31,283
Revenue - Counties (10%) - increased fee for motorcycle registrations p. 7	\$0	\$0	\$20,855
Loss - Cities (15%) - change in fee structure for trucks over 6,000 lbs p. 7	\$0	\$0	(\$686,175)
Loss - Counties (10%) - change in fee structure for trucks over 6,000 lbs p. 7	\$0	\$0	(\$457,450)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,586,019</b>

FISCAL IMPACT - Small Business

Small businesses with vehicles could pay more or less to register those vehicles with the Department of Revenue as a result of this proposal.

## FISCAL DESCRIPTION

This act modifies provisions relating to the Department of Revenue.

### REMOTE DRIVER'S LICENSE RENEWALS (Section 32.300)

This act authorizes the Department of Revenue to design and implement a remote driver's license renewal system accessible through the Department's internet website connection or through one or more self-service terminals located within the state.

The system shall comply with federal law as specified in the act. Drivers may apply for no more than one consecutive renewal remotely, and shall apply within six months before or after the license expires as required for conventional renewal. Applicants for remote renewal shall not be required to complete the vision test or highway sign recognition test unless the Department has technology allowing the tests to be conducted remotely.

### VEHICLE REGISTRATION FEES (Sections 301.010, 301.020, 301.055, 301.057, 301.058, and 301.070)

The act specifies that "miles per gallon" or "MPG" shall refer to the combined city/highway fuel economy of a motor vehicle as determined by the Director of the Department of Revenue. (Section 301.010(34)) The Director shall determine motor vehicles' miles per gallon rating by consulting the vehicle's fuel economy label provided by the Environmental Protection Agency, or by using a vehicle identification number decoding system. If a rating can not be obtained by these means, or for vehicles subject to the alternative fuel decal fee and for which registration fees are not specifically prescribed, the rating shall be determined to be below 20 miles per gallon. (Section 301.070.1)

The act makes a technical update to reflect multi-year vehicle registrations, and requires vehicle owners, when applying for registration, to specify the fuel economy rating of the vehicle, in miles per gallon, rather than the horsepower of the vehicle. (Section 301.020)

The act specifies registration categories and fees based on vehicles' MPG rating, with separate categories for plug-in electric hybrid vehicles, electric vehicles, and motorcycles, motortricycles, and autocycles. The fee for motorcycle registration is increased from \$8.50 to \$10. (Section 301.055).

Under the act, registration fees for property-carrying non-local commercial motor vehicles other than land improvement contractors' vehicles are lowered, from \$25.50 for vehicles 6,000 pounds and under, \$38 for vehicles 6,001 pounds to 9,000 pounds, and \$38 for vehicles 9,001 pounds to 12,000 pounds, to \$25 for vehicles 12,000 pounds and under. (Section 301.057). Registration fees for property-carrying local commercial vehicles other than land improvement contractors'

#### FISCAL DESCRIPTION (continued)

vehicles are increased, from \$15.50 for vehicles 6,000 pounds and under, \$18 for vehicles 6,001 pounds to 12,000 pounds, and \$20.50 for vehicles 12,001 pounds to 18,000 pounds, to \$25 for vehicles 18,000 and under. (Section 301.058)

These provisions have a delayed effective date of July 1, 2022. (Section B)

#### REAL ID (Section 302.170)

This act removes "facial feature pattern characteristics" and "eye spacing" from the definition of biometric data (section 302.170.1), repeals the requirement for the Department to store retained driver's license application documents on a system isolated from the internet and to purge the documents from previous systems on which they were stored (Section 302.170.2). The act also allows the Department of Revenue to retain documents at the request of and for the convenience of an applicant regardless of whether the applicant requests that the Department review alternative documents as proof required for issuance of a license (Section 301.170.3(6)), and allows the Department to use digital images and license signatures as required for the use of software for purposes of combating fraud (Section 302.170.5). Furthermore, the act requires a "knowing" standard before a person can be prosecuted for unlawfully accessing or disclosing certain driver's license data (Section 301.170.8), and repeals the expiration date of the authority to comply with the federal REAL ID Act of 2005 (Section 302.170.15).

#### DRIVER'S LICENSES (Section 302.181.1-4)

This act repeals obsolete references to Social Security numbers, and updates references to film photography to reflect the use of digital images.

#### DIGITAL DRIVER'S LICENSES (Section 302.181.10)

This act authorizes the Department of Revenue to design and implement a secure digital driver's license program that allows license applicants to obtain a digital driver's license in addition to a card-based license. The digital license shall be accepted for all purposes for which a card-based license is used. The Department may contract with one or more entities to develop the digital driver's license system, and the Department or entities may develop a mobile software application capable of being utilized through a person's electronic device to access the person's digital driver's license. The Department shall suspend, disable, or terminate a person's participation in the digital driver's license program if the driver's driving privilege is suspended, revoked, denied, withdrawn, or cancelled as provided by law, or if the person reports their electronic device has been lost, stolen, or compromised.

FISCAL DESCRIPTION (continued)

MOTOR VEHICLE INSURANCE REPORTING (Section 303.026)

This act repeals an exemption from motor vehicle insurance policy issuance, non-renewal, and cancellation reporting requirements for insurers with a statistically insignificant number of policies in force (Section 303.026.3(1)), and specifies that the Director may require insurers to provide records of policies issued, cancelled, terminated, or revoked as frequently as he or she deems necessary (Section 303.026.3(2)).

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 Commerce and Insurance  
Department of Public Safety - Missouri Highway Patrol  
Office of the Secretary of State  
Joint Committee on Administrative Rules



Julie Morff  
Director  
March 4, 2020



Ross Strope  
Assistant Director  
March 4, 2020