

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4608S.01I
Bill No.: SB 971
Subject: Boards, Commissions, Committees and Councils; Boats and Watercraft; Consumer Protection; Licenses - Miscellaneous; Motor Vehicles; Department of Revenue; Transportation
Type: Original
Date: February 27, 2022

Bill Summary: This proposal creates the Missouri Motor Vehicle Commission, and transfers to it responsibility for licensing and regulating vehicle dealers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND AND OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Department of Revenue*	(\$963,914)	(\$963,914)	(\$963,914)
Motor Vehicle Commission*	\$963,914	\$963,914	\$963,914
Total Estimated Net Effect on State Funds	\$0	\$0	\$0

*Across various state funds.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Department of Revenue	(20.5)	(20.5)	(20.5)
Motor Vehicle Commission	20.5	20.5	20.5
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

For FY 2023 there are 6 full time employees and a percentage of staff equivalent to 4 full time employees that process new applications and renewal dealer licenses and all related functions, including receiving dealer complaints, researching transactions, issuing correspondence, evaluating compliance issues, etc. including system issues, system compliance, titling and registration inquiries/processing from dealers.

Transfer of 10 FTE (PS) and associated Equipment and Expense (E&E) will be required.

PS = **\$216,162**

E/E = **\$245,840** (this includes the cost of plates for dealers)

The Department anticipates all duties currently conducted by the Motor Vehicle Bureau staff funded by the Motor Vehicle Commission Fund will remain the same, and all FTE currently funded by the Motor Vehicle Commission fund will continue to be funded in the same manner. If this is not the intent of this legislation, FTE will be requested through the appropriations process to make up for the loss in funding.

It is anticipated that the Motor Vehicle Commission (MVC) will require office facilities and related space for staff to continue licensing dealers as proposed by this legislation. This is not currently within the Department's structure/budget.

General Counsel (GCO) Transportation/Compliance and Investigation Bureau (CIB)

For FY 2023 there are 10.5 full time employees that ensure compliance with licensing statutes and regulations for dealers under Sections 301.550 through 301.580, RSMo., including complaints from citizens regarding dealers. 9.4 of the employees are Compliance and Investigation Agents who are currently Missouri Peace Officers, and as such have all related arresting powers of the state as set by statute. 1.1 full time employee is an Associate Counsel that conducts thousands of administrative hearings each year in cases involving drivers with a blood alcohol content above the legal limit under Chapter 302, RSMo; represents the Director of Revenue in Missouri Driver License and Motor Vehicle circuit court cases under Chapters 301, 302 and 303, RSMo.; and represents the Department in cases, and assists and resolves issues related to, the regulation of licensees under sections 301.550 to 301.580 motor vehicle dealers, including actions by third-parties such as bond claims.

In summary, the proposed legislation would have a negative fiscal impact on the Department of Revenue of:

9.4 FTE lost with transfer of Motor Vehicle Commission Fund: \$417,550

DOR-CIB would lose 9.4 FTE by forfeiting the Motor Vehicle Commission Fund as required by this legislation. The 9.4 FTE funded by the Motor Vehicle Commission Fund totals \$417,550. This reduction in funding would reduce CIB's agents from 16 to 6.6.

FTE Costs breakdown

Motor Vehicle Commission Funded CIB employees:

FTE	Job Title	Cost per FTE	Total Cost
7	Senior Commissioned Investigator	\$45,982	\$321,877
2.2	Commissioned Investigator Supervisor	\$39,684	\$87,305
0.2	Investigative Manager	\$8,368	\$8,368
9.4			\$417,550

DOR-GCO would lose 1.1 FTE by forfeiting the Motor Vehicle Commission Fund as required by this legislation. The 1.1 FTE funded by the Motor Vehicle Commission fund is \$56,244.

FTE Costs breakdown

Motor Vehicle Commission Funded GCO employees:

FTE	Job Title	Cost per FTE	Total Cost
1.1	Associate Counsel	\$51,131	\$56,244

Total Fiscal impact to the state for FTE: \$473,794

Transfer of 10.5 FTE (PS) and associated Equipment and Expense (E&E) will be required.

PS = **\$473,794**

E/E = **\$28,118**

The Department anticipates all duties currently conducted by the Compliance and Investigation Bureau will remain the same, and all FTE currently funded by the Motor Vehicle Commission Fund will continue to be funded in the same manner. If this is not the intent of this legislation, FTE will be requested through the appropriations process to make up for the loss in funding.

Administration Division

For FY 2023 the Department was appropriated \$5,000 for refunds relating to dealer applications and renewals. \$5,000 will be transferred to the Motor Vehicle Commission core budget. The Department was also appropriated \$44,029 for postage. \$44,029 will be transferred to the Motor Vehicle Commission core budget.

Other Departments

The Attorney General's Office and Office of Administration are also agencies that utilize the Motor Vehicle Commission Fund. These agencies should provide the impact of this proposal through their legislative fiscal note process. The Department has not included their impact in this analysis.

Performance Impact

Due to the structure and current flexibility in the number of staff for the Compliance and Investigation Bureau, agents are strategically located throughout the state. After implementation of this legislation, the Department will only have funding for 6.6 FTE in our Compliance and Investigation Bureau, which could result in a negative performance impact with all non-dealer investigations and duties.

Oversight does not have information to the contrary and therefore, Oversight will reflect the transfers of FTE and related funding from the Department of Revenue to the newly created Motor Vehicle Commission.

Officials from the **Missouri Department of Transportation** and **Office of Administration** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Attorney General's Office** did not respond to Oversight's request for fiscal impact.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
DEPARTMENT OF REVENUE			
Reallocation – DOR funding and 20.5 FTE from DOR to MVC (PS and E&E)	<u>(\$963,914)</u>	<u>(\$963,914)</u>	<u>(\$963,914)</u>
ESTIMATED NET EFFECT ON THE DEPARTMENT OF REVENUE (Across all funds)	<u>(\$963,914)</u>	<u>(\$963,914)</u>	<u>(\$963,914)</u>
MOTOR VEHICLE COMMISSION			
Reallocation – DOR funding and 20.5 FTE from DOR to MVC (PS and E&E)	<u>\$963,914</u>	<u>\$963,914</u>	<u>\$963,914</u>
ESTIMATED NET EFFECT ON THE MOTOR VEHICLE COMMISSION (Across all funds)	<u>\$963,914</u>	<u>\$963,914</u>	<u>\$963,914</u>
Total Estimated Net Effect on State Funds	\$0	\$0	\$0

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act creates the Missouri Motor Vehicle Commission within the Department of Revenue, and transfers to it the Department's powers and duties regarding the licensing of vehicle dealers.

Under the act, the Missouri Motor Vehicle Commission shall consist of seven members appointed by the Governor and confirmed with the advice and consent of the Senate. The act prescribes member qualifications, initial membership terms, authority to adopt an official seal, for the election of a chairman and secretary, and for the employment of an executive director and other staff as the Commission deems necessary. The act requires the Commission and the Director of the Department of Revenue to cooperate as necessary to implement the act and promote compliance with applicable laws.

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

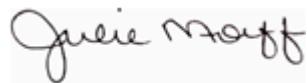
Department of Revenue

Missouri Department of Transportation

Office of Administration

Office of the Secretary of State

Joint Committee on Administrative Rules



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February 27, 2022



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February 27, 2022