

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1205H.05C
 Bill No.: HCS for SS for SCS for SB Nos. 56 & 61
 Subject: Crimes and Punishment; Civil Penalties; Motor Vehicles; Motor Carriers; Political Subdivisions; Transportation; Telecommunications
 Type: Original
 Date: April 28, 2023

Bill Summary: This proposal modifies provisions relating to motor vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	(\$115,951)	(\$117,818)	(\$139,628)
Total Estimated Net Effect on General Revenue	(\$115,951)	(\$117,818)	(\$139,628)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Conservation Commission Fund*	\$0 or Up to (\$253,656)	\$0 or Up to (\$304,387)	\$0 or Up to (\$304,387)
Parks, Soils and Water Fund*	\$0 or Up to (\$202,925)	\$0 or Up to (\$243,510)	\$0 or Up to (\$243,510)
School District Trust Fund*	\$0 or Up to (\$1,014,623)	\$0 or Up to (\$1,217,548)	\$0 or Up to (\$1,217,548)
State Road Bond Fund*	\$0 or Up to (\$3,043,870)	\$0 or Up to (\$3,652,644)	\$0 or Up to (\$3,652,644)
State Road Fund*	\$0 or Up to (\$3,043,870)	\$0 or Up to (\$3,652,644)	\$0 or Up to (\$3,652,644)
Various State Funds	\$0	Less than \$125,000	Less than \$250,000
Total Estimated Net Effect on <u>Other State Funds</u>	\$0 or Up to (\$7,558,944)	\$0 or Up to (\$8,945,733)	\$0 or Up to (\$8,820,733)

*Current law allows (may) motor vehicle dealers to collect and remit sales taxes (dealers already have this ability). This proposal requires motor vehicle dealers (as soon as technologically possible following the development and maintenance of a modernized, integrated system) to collect and remit sales tax. This may increase the amount of sales taxes paid to the state (assuming some are not actually paying sales tax and registering their vehicles). However, dealers would be allowed to retain the 2% timely-filed discount (which are the estimates above).

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

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 2024	FY 2025	FY 2026
Local Government	\$0 or Up to (\$9,273,657)	\$0 or Up to (\$11,003,389)	\$0 or Up to (\$10,878,389)

FISCAL ANALYSIS

ASSUMPTION

§§144.020 & 144.070 – Motor Vehicle Dealers to Remit Sales Tax

In response to a similar proposal from 2023 (Perfected HCS for HB 894), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

§144.070.11

The changes require all Missouri licensed dealers to collect and remit the sales tax on all motor vehicles that the dealer sells. When collecting and with timely remittance the dealer gets to keep two percent of taxes collected.

Administrative Impact

Motor Vehicle Bureau

The implementation of this legislation will be coordinated with the integration of the Department's Motor Vehicle and Driver Licensing software system approved and passed by the General Assembly in 2020 (Senate Bill 176). Dealers collecting tax is a part of the new system requirements. The administrative impact for this bill is inclusive within the Department's development and implementation of the new system.

Compliance and Investigations Bureau (CIB)

The proposal will have an impact on CIB as well. If dealers are collecting and remitting sales tax, this will increase the responsibilities of CIB to ensure appropriate tax collection. Additional resources will be requested through the appropriations process, if needed.

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.

Revenue Impact

DOR noted the following estimates have been made using data from FY 2022 state and local sales tax collected on motor vehicles **if the 2% timely discount is allowed for dealers that remit sales tax.**

Total amount of **state** sales tax collected for motor vehicles sold by dealers in FY 2022
= \$417,111,230 x 2% = **\$8,342,225** - Estimated Loss in MV State Sales Tax

Total amount of **local** sales tax collected for motor vehicles sold by dealers in FY 2022 = \$340,659,669 x 2% = **\$6,813,193** - Estimated Loss MV Local Sales/Use Tax

Estimated loss of revenue annually = \$15,155,418 (\$757,770,899 x 2%)

This would be a decrease to state, city, and county funds.

Dealers collecting sales tax at the time of purchase should result in an unknown increase in Motor Vehicle sales tax collections. This increase should mitigate/offset the loss in sales tax collections resulting from the 2% collection fee dealers will be able to retain.

	FY 2024 (6 months)	FY 2025	FY 2026
Conservation	(\$123,406)	(\$246,811)	(\$246,811)
Parks, Soils & Water	(\$98,725)	(\$197,449)	(\$197,449)
School District Trust Fund	(\$493,623)	(\$987,246)	(\$987,246)
State Road Bond Fund	(\$1,480,868)	(\$2,961,737)	(\$2,961,737)
State Road Fund	(\$1,480,868)	(\$2,961,737)	(\$2,961,737)
Locals	(\$493,623)	(\$987,245)	(\$987,245)
Total	(\$4,171,113)	(\$8,342,225)	(\$8,342,225)

In response to a similar proposal from 2023 (Perfecting HCS for HB 894), officials from the **Office of Administration - Budget and Planning (B&P)** assumed the following regarding this proposal:

Section 144.070

This proposal would require motor vehicle dealers to collect and remit sales taxes, rather than applying the sales tax to the purchaser at the time of titling a vehicle. Motor vehicle dealers are to begin collecting and remitting the sales tax after the development of DOR's integrated motor vehicle system.

B&P notes that motor vehicle dealers would be eligible for the 2% timely filing discount under Section 144.140. Therefore, B&P estimates that this provision may reduce revenues to state and local taxing jurisdictions.

B&P also notes that the 3% tax on motor vehicles is deposited into the State Road Bond Fund (50%); the State Road Fund (36.5%); the State Transportation Fund (1%); and the Fuel Local Deposit Fund (FLOYD) (12.5%) which is then distributed to local jurisdictions. In addition to the 3% general tax, a tax of 1% is levied for education, 0.125% for Conservation, and 0.1% for Parks, Soil and water.

In FY 2022, the state 3% MV sales tax collections were \$365,264,400. Based on the 3% amount, B&P estimates that total taxable sales were \$12,175,480,006. Therefore, B&P estimates that granting the 2% timely filing discount to MV dealers would reduce state tax collections by up to \$9,070,733 (includes state sales taxes minus FLOYD distributions) annually. In addition, B&P estimates that this would reduce local sales tax collections by up to \$11,128,389 (includes both local sales tax plus FLOYD distributions) annually.

Table 1 shows the impact by fiscal year by impacted fund. B&P notes that the estimated impact is “up to” the amounts shown as not all MV businesses may qualify for the timely filing discount throughout a full fiscal year.

Table 1: Impact by Fund and Fiscal Year

	FY 2024	FY 2025	FY 2026+
<u>State Funds</u>			
Education	\$0 or Up to (\$1,014,623)	\$0 or Up to (\$1,217,548)	Up to (\$1,217,548)
Conservation	\$0 or Up to (\$253,656)	\$0 or Up to (\$304,387)	Up to (\$304,387)
DNR	\$0 or Up to (\$202,925)	\$0 or Up to (\$243,510)	Up to (\$243,510)
State Road Bond Fund	\$0 or Up to (\$3,043,870)	\$0 or Up to (\$3,652,644)	Up to (\$3,652,644)
State Road Fund	\$0 or Up to (\$2,962,700)	\$0 or Up to (\$3,555,240)	Up to (\$3,555,240)
State Transportation Fund	\$0 or Up to (\$81,170)	\$0 or Up to (\$97,404)	Up to (\$97,404)
Loss to All State Funds	\$0 or Up to (\$7,558,944)	\$0 or Up to (\$9,070,733)	Up to (\$9,070,733)
<u>Local Funds</u>			
Fuel Local Deposit (FLOYD)	\$0 or Up to (\$1,014,623)	\$0 or Up to (\$1,217,548)	Up to (\$1,217,548)
Sales Tax	\$0 or Up to (\$8,259,034)	\$0 or Up to (\$9,910,841)	Up to (\$9,910,841)

Loss to All Local Funds	\$0 or Up to (\$9,273,657)	\$0 or Up to (\$11,128,389)	Up to (\$11,128,389)
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Oversight does not have information to the contrary and therefore, Oversight will reflect the revenue loss estimates as provided by B&P. In addition, Oversight will reflect an “Unknown” increase in revenue as indicated by DOR for the potential increase in sales tax collections due to motor vehicle dealers having the ability to collect the sales tax at the time of sale – if those sales taxes would not have otherwise been collected.

Oversight notes, DOR has indicated that the average estimated time to implement the new integrated system is between three and five years; therefore, Oversight will reflect the fiscal impact as \$0 (new system has not been implemented yet) up to the estimates indicated by B&P (new system has been implemented).

In response to a similar proposal from 2023 (Perfected HCS for HB 894), officials from the **Missouri Department of Transportation** deferred to the DOR for the potential fiscal impact of this proposal.

In response to a similar proposal from 2023 (Perfected HCS for HB 894), officials from the **Missouri Highway Patrol** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DPS-MHP.

§§302.130 & 302.178 – Persons Accompanying Intermediate Drivers

In response to a similar proposal from 2023 (HB 1300), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

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

- Modify the Missouri Driver Guide, graduated license training materials, and public website information.

FY 2024 – Driver License Bureau

Research/Data Analyst 40 hrs. @ \$25.63 per hr. = \$1,025

Administrative Manager 20hrs. @ \$27.82per hr. = \$556

Total = \$1,581

FY 2024 – Personnel Services Bureau

Associate Research/Data Analyst 40 hrs. @ \$20.54 per hr. = \$ 822

Total= \$2,403

The Department anticipates being able to absorb these costs. If additional bills are passed that require Department resources, FTE may be requested in 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.

In response to a similar proposal from 2023 (HB 1300), officials from the **Missouri Department of Transportation** and **Missouri Highway Patrol** each assumed the proposal would 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.

In response to a similar proposal from 2023 (HB 1300), officials from the **Phelps County Sheriff, Kansas City Police Department, and St. Louis County Police Department** each assumed the proposal would 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other law enforcement agencies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

§§302.304, 302.440, 302.525 & 302.574 - Intoxication Related Traffic Offenses

In response to a similar proposal from 2023 (HB 110), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

Driver License Bureau

The Department currently requires the ignition interlock for any second or subsequent intoxicated-related enforcement contact (administrative and point accumulation actions) added to a driver's record. This includes Administrative Alcohol suspensions and revocations; chemical refusals; point suspensions, and revocations; and any limited or restricted driving privileges granted to these offenders.

This legislation is requiring the Department to add the ignition interlock device requirement to any person with a blood alcohol content .15% or more for a first time offense.

This proposed legislation would require programming to the Missouri Driver License (MODL) system to evaluate both administrative actions and convictions being processed, and add the ignition interlock requirement to those actions even if there is not a prior alcohol-related enforcement contact to the drivers' record if the blood alcohol content is .15% or more.

This language is changing requirements for all restricted driving privileges to have the ignition interlock installed before these privileges are issued. Currently, a sixty-day restricted privilege is issued without the ignition interlock requirement for first time offenders and are automatically generated systematically without the driver having to request one from the department. This would require multiple additions to existing MODL evaluation routines that exist today. This would also require the Department to revise all correspondence that is generated to the driver and notices issued roadside by law enforcement.

Currently, in MODL, there are 5,588 administrative alcohol actions with a blood alcohol content of .15% or more and 195,818 drivers that are required to carry the ignition interlock (IID) for reinstatement on an administrative alcohol, chemical refusal, and/or a point accumulation action for second or subsequent offenses. 753 of those drivers have issued Limited Driving Privileges (LDPs) or Restricted Driving Privileges (RDPs) with the IID requirement, and a total of 8,960 drivers being monitored for ignition interlock requirement for reinstatement or LDP/RDP purposes. There are also 6,660 court ordered ignition interlock devices and 1,684 court ordered LDPs that also require the IID to be installed in addition to the administrative requirement for the device.

Ignition interlock manufacturers are required by State code of Regulations, 7 CSR 60-2, to submit all device status' (installs, de-installs, and failure to maintain) and certification of completion of the monitoring period. The Department expects an influx of telephone inquiries, correspondence both through mail and email; and additional communications required between their office and the ignition interlock manufacturers to ensure the integrity of the data and meet the current department auditing processes. The department already answers approximately 32,000 calls a year regarding reinstatement requirements. The Department anticipates a significant increase in calls due to this proposed language.

The impact to the Department is estimating a 50% increase in call volume, the Department is requesting **one FTE** to answer these additional telephone inquiries. If the increase is more significant than anticipated, additional FTE may be requested through the appropriations process.

Telephone Inquiries

A telephone operator is expected to process 60 telephone inquiries daily.

32,000 Current call volume for reinstatement requirements

x 50%	Percent which will generate telephone inquiries
16,000	Telephone inquiries received per year
/ 252	Work days per year
63	Telephone inquiries received per day
/ 60	Telephone inquiries processed per day
1.05	1 FTE needed to answer telephone inquiries

Total of 1 Associate Customer Service Representative (\$2,600 month)

FY2024: \$26,000(10 months)
FY2025: \$31,200 yearly salary
FY2026: \$31,200 yearly salary

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

- Complete business requirements and design documents to modify the Missouri Driver License System (MODL)
- Complete programming and user acceptance testing for the new evaluation for ignition interlock requirement for first time offenders based on .15% BAC or higher
- Revision of MODL generated notices
- Revision of CTG notices
- Conviction routine evaluation
- Update policies, procedures, reports, forms, and the Department website.
- Training for employees

FY 2024 – Driver License Bureau (testing of forms and website updates)

Research/Data Analyst 1300 hrs. @ \$25.63 per hr. = \$33,319
Research/Data Assistant 1300 hrs. @ \$17.20 per hr. = \$22,360
Administrative Manager 1000 hrs. @ \$27.82per hr. = \$27,820
Total = \$83,499

FY 2024 – Personnel Services Bureau (forms and website updates)

Associate Research/Data Analyst 336 hrs. @ \$20.54 per hr. = \$ 6,901

Total= \$90,400

DOR notes OA-ITSD services will be required at a cost of **\$3,365** in FY 2024 (35.42 hours 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 OA-ITSD 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.

Revenue Impact

No additional impact to the Department.

DOR notes the fiscal impact estimated above is based on changes in the current Missouri Driver License System (MODL) environment. The implementation of this legislation will be dependent on the updating and integration of the Department's Motor Vehicle and Driver Licensing software system approved and passed by the general assembly in 2020 (Senate Bill 176). To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

In response to a similar proposal from 2023 (HB 110), officials from the **Missouri Department of Transportation** and **Missouri Highway Patrol** each assumed the proposal would 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.

§304.822 – Siddens Bening Hands Free Law

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

§304.822.3

Current law already provides for convictions for commercial vehicle operators who operate mobile phones or text while driving. In fiscal year 2022, the Department added 59 convictions on record. The Department assumes the new language would not result in a significant increase in these convictions.

The Department does not have available data to determine the potential increase, however officials assume it to be minimal enough to not require additional FTE. If the increase is more significant than anticipated, or additional laws are passed that impact the staff who process expungements, additional FTE will be requested through the appropriations process.

Administrative Impact

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

- Work with Missouri State Highway Patrol to create new charge codes for the new convictions.
- Develop new conviction codes in the Missouri Driver License (MODL) system.
- Work with OA-ITSD to add the new felony conviction code to the commercial disqualification routine.
- Work with OA-ITSD to create an evaluation routine for the increased point assessment for subsequent convictions in a 24 month period, and add the new conviction codes into the current point evaluation routine.

- Update commercial disqualification routines as required.
- Work with OA-ITSD to apply edits to the new convictions codes for violation date and non-allowance of a driver improvement program.
- Complete system programming and user acceptance testing of MODL and the Missouri Electronic Driver License (MEDL) system.
- Update interactive applications for automated responses to customers through telephone system (current vendor Genesys) or online (DORA).
- Update forms, the Department website, and the Missouri driver guide.
- Work with the Public Service Bureau to develop a communication plan.
- Train internal staff and affected external agencies.

FY 2024 – Driver License Bureau

Associate Research/Data Analyst 520 hrs. x \$20.54 per hr. = \$10,681
Research/Data Analyst 560 hrs. x \$25.63 per hr. = \$14,353
Administrative Manager 280 hrs. x \$27.82 per hr. = \$7,790
Total = \$32,824

FY 2024 – Public Service Bureau

Associate Research/Data Analyst 80 hrs. x \$20.54 per hr. = \$1,643

Total = \$34,467

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

DOR notes OA-ITSD services will be required at a cost of **\$33,653** in FY 2024 (354.24 hours x \$95 per hour).

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.

DOR notes the fiscal impact estimated above is based on changes in the current system environment. The implementation of this legislation will be coordinated with the integration of the Department's Motor Vehicle and Driver Licensing software system approved and passed by the General Assembly in 2020 (Senate Bill 176). To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

In response to a previous version, officials from the **Department of Corrections (DOC)** assumed this proposal enacts provisions relating to the operation of motor vehicles.

Section 304.820 is repealed with section 304.822 replacing it, adding a class D felony offense.

As these are new crimes, there is little direct data on which to base an estimate, and as such, the department estimates an impact comparable to the creation of a new class D felony.

For each new nonviolent class D felony, the department estimates three people will be sentenced to prison and five to probation. The average sentence for a nonviolent class D felony offense is 5 years, of which 2.8 years will be served in prison with 1.7 years to first release. The remaining 2.2 years will be on parole. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 8 additional offenders in prison and 22 additional offenders on field supervision by FY 2028.

	# to prison	Cost per year	Total Costs for prison	# to probation & parole	Cost per year	Total cost for probation and parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	3	(\$9,499)	(\$23,748)	5	absorbed	\$0	(\$23,748)
Year 2	6	(\$9,499)	(\$58,134)	10	absorbed	\$0	(\$58,134)
Year 3	8	(\$9,499)	(\$79,062)	16	absorbed	\$0	(\$79,062)
Year 4	8	(\$9,499)	(\$80,643)	19	absorbed	\$0	(\$80,643)
Year 5	8	(\$9,499)	(\$82,256)	22	absorbed	\$0	(\$82,256)
Year 6	8	(\$9,499)	(\$83,901)	22	absorbed	\$0	(\$83,901)
Year 7	8	(\$9,499)	(\$85,579)	22	absorbed	\$0	(\$85,579)
Year 8	8	(\$9,499)	(\$87,291)	22	absorbed	\$0	(\$87,291)
Year 9	8	(\$9,499)	(\$89,037)	22	absorbed	\$0	(\$89,037)
Year 10	8	(\$9,499)	(\$90,817)	22	absorbed	\$0	(\$90,817)

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DOC.

In response to a previous version, officials from the **Office of the State Public Defender (SPD)** assumed the creation of a new offense under Section 304.822 would have an unknown fiscal impact on SPD. It is unknown how many additional cases would be eligible for SPD representation.

Oversight notes in FY 2022, the SPD was appropriated moneys for 53 additional FTE. Oversight assumes this proposal will create a minimal number of new cases and that the SPD can absorb the additional caseload required by this proposal with current staff and resources. Therefore, Oversight will reflect no fiscal impact to the SPD for fiscal note purposes. However, if multiple bills pass which require additional staffing and duties, the SPD may request funding through the appropriation process.

In response to a previous version, officials from the **Department of Commerce and Insurance, Department of Elementary and Secondary Education, Missouri Highway Patrol, Missouri Department of Transportation** and **Missouri Office of Prosecution Services** each assumed the proposal would 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.

In response to a previous version, officials from the **Office of the State Courts Administrator** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for OSCA.

Oversight notes, according to data provided by the Office of the State Courts Administrator, there were 46 infractions (guilty pleas) in FY 2022 for the offense of 21 years of age and under texting while driving and 39 infractions (guilty pleas) for operating a CMV while texting, currently both with an approximate fine of \$83 per ticket.

Of the \$83 fine, \$20.50 goes to local schools as fine revenue and the remaining \$62.50 goes to various state and local funds for court costs.

This proposal establishes fines for convictions starting at \$50 (no prior conviction within the preceding 24 months) up to \$250 (conviction for violation that occurred in a work zone or school zone). This proposal also establishes misdemeanor and felony classes for certain violations.

Oversight is unable to determine how many violations, and which class of violation, will occur as a result of this proposal; therefore, Oversight will reflect an “Unknown, less than \$125,000” fiscal impact to the state. Oversight will reflect an unknown amount of fine revenue and court costs to local political subdivisions.

Oversight will not show the fiscal impact until FY 2025 (6 months) as the proposal mandates prior to January 1, 2025, law enforcement shall only issue a warning to noncommercial motor vehicle drivers for any of these violations.

Additional fine revenue received by local school districts may count as a deduction in the following year in determining their state aid apportionment, if the district is not a 'hold harmless' district. For simplicity, Oversight will only reflect the increase in fine revenue as a positive impact to local political subdivisions.

§§407.812 & 407.828 – Motor Vehicle Franchise Practices Act

In response to a similar proposal from 2023 (Perfected HCS for HB 894), officials from 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 the Missouri titling manual;
- Make changes to procedures, correspondence letters, forms, and the Department website;
- Provide License Offices and stakeholders these changes as applicable; and
- Train staff

FY 2024- Motor Vehicle Bureau

Associate Research/Data Analyst 40 Hrs @ \$19.90 = \$796

Lead Admin Assistant 20 Hrs @ \$17.05 = \$341

Administrative manager 5 Hrs @ \$26.96 = \$135

FY 2024 Strategy and Communications Office

Associate Research/Data Analyst 10 Hrs @ \$19.90 = \$199

Total Cost =**\$1,471**

The Department anticipates that they will be able to absorb these costs and that there will be minimal impact. If multiple bills are passed that require department resources, FTE may be requested through the appropriations process.

In response to a similar proposal from 2023 (Perfected HCS for HB 894), officials from the **Office of Administration - Administrative Hearing Commission, Office of Administration** and **Attorney General's Office** each assumed the proposal would 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.

Rule Promulgation

In response to a similar proposal from 2023 (SCS for HB 415), officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a similar proposal from 2023 (SCS for HB 415), 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 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Costs</u> – DOR (§§302.304, 302.440, 302.525 & 302.574) p. 8			
Personnel Service	(\$26,000)	(\$31,824)	(\$32,460)
Fringe Benefits	(\$22,715)	(\$27,491)	(\$27,729)
Expense & Equipment	(\$9,835)	(\$369)	(\$377)
Total Costs - DOR	(\$58,550)	(\$59,684)	(\$60,566)
FTE Change	1 FTE	1 FTE	1 FTE
<u>Cost</u> – DOR – OA-ITSD services (§304.822) p. 11	(\$33,653)	\$0	\$0
<u>Cost</u> – DOC – increase in number of offenders due to creation of a new felony for distracted driving which causes the death of another person (§304.822) p. 12	(\$23,748)	(\$58,134)	(\$79,062)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$115,951)	(\$117,818)	(\$139,628)
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE
VARIOUS STATE FUNDS			
<u>Revenue</u> - Court costs from using an electronic wireless communication device while driving (§304.822) p. 13	\$0	Less than \$125,000	Less than \$250,000

ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	\$0	<u>Less than \$125,000</u>	<u>Less than \$250,000</u>
<u>FISCAL IMPACT – State Government (continued)</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
CONSERVATION COMMISSION FUND (0609)			
<u>Revenue</u> – potential increase in sales tax collection due to dealers having the ability to collect sales tax at the time of sale (§§144.020 & 144.070) p. 6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Loss</u> – 2% timely fee possibly being retained by dealerships (§§144.020 & 144.070) p. 6	<u>\$0 or Up to (\$253,656)</u>	<u>\$0 or Up to (\$304,387)</u>	<u>\$0 or Up to (\$304,387)</u>
ESTIMATED NET EFFECT ON THE CONSERVATION COMMISSION FUND	<u>\$0 or Up to (\$253,656)</u>	<u>\$0 or Up to (\$304,387)</u>	<u>\$0 or Up to (\$304,387)</u>
PARKS, SOIL AND WATER FUND (0613 & 0614)			
<u>Revenue</u> – potential increase in sales tax collection due to dealers having the ability to collect sales tax at the time of sale (§§144.020 & 144.070) p. 6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Loss</u> – 2% timely fee possibly being retained by dealerships (§§144.020 & 144.070) p. 6	<u>\$0 or Up to (\$202,925)</u>	<u>\$0 or Up to (\$243,510)</u>	<u>\$0 or Up to (\$243,510)</u>

ESTIMATED NET EFFECT ON THE PARKS, SOIL AND WATER FUND	<u>\$0 or Up to (\$202,925)</u>	<u>\$0 or Up to (\$243,510)</u>	<u>\$0 or Up to (\$243,510)</u>
FISCAL IMPACT – State Government (continued)	FY 2024 (10 Mo.)	FY 2025	FY 2026
SCHOOL DISTRICT TRUST FUND (0688)			
<u>Revenue</u> – potential increase in sales tax collection due to dealers having the ability to collect sales tax at the time of sale (§§144.020 & 144.070) p. 6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Loss</u> – 2% timely fee possibly being retained by dealerships (§§144.020 & 144.070) p. 6	<u>\$0 or Up to (\$1,014,623)</u>	<u>\$0 or Up to (\$1,217,548)</u>	<u>\$0 or Up to (\$1,217,548)</u>
ESTIMATED NET EFFECT ON THE SCHOOL DISTRICT TRUST FUND	<u>\$0 or Up to (\$1,014,623)</u>	<u>\$0 or Up to (\$1,217,548)</u>	<u>\$0 or Up to (\$1,217,548)</u>
STATE ROAD BOND FUND (0319)			
<u>Revenue</u> – potential increase in sales tax collection due to dealers having the ability to collect sales tax at the time of sale (§§144.020 & 144.070) p. 6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Loss</u> – 2% timely fee possibly being retained by dealerships (§§144.020 & 144.070) p. 6	<u>\$0 or Up to (\$3,043,870)</u>	<u>\$0 or Up to (\$3,652,644)</u>	<u>\$0 or Up to (\$3,652,644)</u>

ESTIMATED NET EFFECT ON THE STATE ROAD BOND FUND	<u>\$0 or Up to</u> <u>(\$3,043,870)</u>	<u>\$0 or Up to</u> <u>(\$3,652,644)</u>	<u>\$0 or Up to</u> <u>(\$3,652,644)</u>
<u>FISCAL IMPACT – State Government</u> (continued)	FY 2024 (10 Mo.)	FY 2025	FY 2026
STATE ROAD FUND (0320)			
<u>Revenue</u> – potential increase in sales tax collection due to dealers having the ability to collect sales tax at the time of sale (§§144.020 & 144.070) p. 6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Loss</u> – 2% timely fee possibly being retained by dealerships (§§144.020 & 144.070) p. 6	<u>\$0 or Up to</u> <u>(\$3,043,870)</u>	<u>\$0 or Up to</u> <u>(\$3,652,644)</u>	<u>\$0 or Up to</u> <u>(\$3,652,644)</u>
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	<u>\$0 or Up to</u> <u>(\$3,043,870)</u>	<u>\$0 or Up to</u> <u>(\$3,652,644)</u>	<u>\$0 or Up to</u> <u>(\$3,652,644)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Court costs from using an electronic wireless communication device while driving (§304.822) p. 13	\$0	Less than \$125,000	Less than \$250,000
<u>Revenue</u> – potential increase in sales tax collection due to dealers			

having the ability to collect sales tax at the time of sale (§§144.020 & 144.070) p. 6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Loss</u> – (FLOYD) - 2% timely fee possibly being retained by dealerships (§§144.020 & 144.070) p. 6	\$0 or Up to (\$1,014,623)	\$0 or Up to (\$1,217,548)	\$0 or Up to (\$1,217,548)
<u>Loss</u> – (local sales tax only) - 2% timely fee possibly being retained by dealerships (§§144.020 & 144.070) p. 6	\$0 or Up to (\$8,259,034)	\$0 or Up to (\$9,910,841)	\$0 or Up to (\$9,910,841)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or Up to (\$9,273,657)</u>	<u>\$0 or Up to (\$11,003,389)</u>	<u>\$0 or Up to (\$10,878,389)</u>

FISCAL IMPACT – Small Business

Small motor vehicle franchises, dealerships and those that provide inspections could be impacted as a result of this proposal.

Small ignition interlock manufacturers and installers could be impacted as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies provisions relating to motor vehicles.

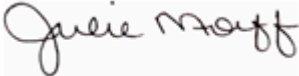
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

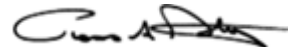
- Department of Revenue
- Attorney General’s Office
- Office of Administration - Administrative Hearing Commission
- Office of Administration
- Office of Administration - Budget and Planning
- Missouri Department of Transportation

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Department of Commerce and Insurance
Department of Elementary and Secondary Education
Department of Corrections
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Office of the State Public Defender
Missouri Highway Patrol
Office of the Secretary of State
Joint Committee on Administrative Rules
Phelps County Sheriff
Kansas City Police Department
St. Louis County Police Department



Julie Morff
Director
April 28, 2023



Ross Strobe
Assistant Director
April 28, 2023