

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1413H.07T
Bill No.: Truly Agreed To and Finally Passed HCS for SS for SCS for SB 398
Subject: Consumer Protection; Merchandising Practices; Motor Vehicles; Department of Revenue; Transportation; Civil Procedure; Administrative Law
Type: Original
Date: June 15, 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	(\$412,397)	Could exceed (\$93,634)	Could exceed (\$114,562)
Total Estimated Net Effect on General Revenue	(\$412,397)	Could exceed (\$93,634)	Could exceed (\$114,562)

Numbers within parentheses: () indicate costs or losses.

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)
Highway Fund	\$0	\$50,882	\$101,760
Motor Vehicle Financial Responsibility Verification and Enforcement Fund	\$0	Less than (\$30,677) to could exceed \$100,723	Less than (\$61,353) to could exceed \$201,447
Missouri Office of Prosecution Services Fund**	\$0	\$0	\$0
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</u> State Funds	\$0 or Up to (\$7,558,944)	More or Less than (\$8,794,128 to \$8,92,528)	More or Less than (\$8,517,526 to \$8,882,086)

*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).

**Revenue and costs are anticipated to net to zero by the Missouri Office of Prosecution Services

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
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 2024	FY 2025	FY 2026
Local Government	\$0 or Up to (\$9,273,657)	More or Less than (\$10,986,429)	More or Less than (\$10,844,469)

FISCAL ANALYSIS

ASSUMPTION

§§144.020 & 144.070 – Dealers to Remit Sales Tax

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

§144.070.11

As soon as the Department's Motor Vehicle and Driver Licensing System integration and modernization is completed, this provision requires 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 notes 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)

Officials from the **Office of Administration - Budget and Planning (B&P)** assume 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, and Soil and Water.

In FY 2022, 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 tax 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 choose to actually collect and remit the sales tax and not all 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)

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).

Officials from the **Missouri Highway Patrol** assume the proposal will 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 the Missouri Highway Patrol.

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

§§303.420 – 303.440 – Motor Vehicle Financial Responsibility Verification and Enforcement Program

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

Administrative Impact

The proposal requires the Department to establish and maintain a web-based system for online insurance verification. The system’s goal is to identify uninsured motorists in the most effective way. To establish the objectives, details, and deadlines for the system, the Department must create an advisory council, which consists of representatives from the insurance industry who will also serve as voting members. To implement and enforce the program and to require real-time reporting, administrative rules will be promulgated.

The proposal allows the Department to contract or consult with a third-party vendor who has implemented a similar program in other states to create the web-based system; however, there is no initial funding provided in the proposal to fund a third-party vendor. As such, OA-ITSD will be responsible for the development, implementation, and maintenance of the system, unless funding becomes available. The OA-ITSD cost will be shown later in this response.

An online “real-time” insurance verification system will allow law enforcement to verify compliance with the Financial Responsibility Law at the time of roadside-traffic stops and motor vehicle crash investigations. This will result in an increase in the number of “no insurance” citations being issued by law enforcement to motor vehicle operators or owners.

Missouri currently has approximately 7.1 million registered vehicles. The uninsured vehicle rate in Missouri is believe to be approximately 13 percent. This equates to 923,000 uninsured vehicles possibly being operated on Missouri roadways, not including out-of-state vehicles. It is unclear how many citations will be issued annually and of those, how many will result in a court conviction. According to statics maintained by the Missouri Attorney General’s Office, in 2019, there were 1,524,640 traffic stops in this state. This shows 21% of the motor vehicles registered are stopped annually ($1,524,640/7,100,000 = 21\%$). This may result in the Department receiving 193,830 convictions ($923,000 \times 21\%$) annually.

A court sends the conviction either electronically or by paper to the Department to post to the driver record and assess four points. (§303.025.3). The Department receives 14% of convictions by paper. ($193,830 \times 14\% = 27,136$). An Associate Customer Service Representative (ACSR) can key 350 paper convictions daily.

27,136	Number of paper convictions received annually
<u>\ 252</u>	Number of working days per year
108	Convictions received daily
<u>\ 350</u>	Convictions processed per day
0. 31	

This process will be absorbed by current FTEs. If the increase is more significant than anticipated or additional laws are passed that impact the staff who process these court orders, additional FTEs may be requested through the appropriations process.

The Department is required to issue point warning notices when a person accumulates four points on their driver record. No insurance convictions result in the assessment of four points. As such, each of these convictions will result in a point warning notice or a suspension notice for those individuals who have already accumulated points on their record prior to this point assessment.

193,830	Number of notices issued by the Department
<u>X \$.038</u>	Cost per letter
\$7,366	Total Annual Cost for letter
<u>\ 2</u>	Half of FY 2025 after law becomes effective

\$3,683 **FY 2025 Letter Cost (6 months only)**
\$7,366 **FY 2026 Letter Cost**
\$7,366 **FY 2027 Letter Cost**

193,830 Number of envelopes issued by the Department
X \$.068 Cost per envelope
 \$13,180 Total Annual Cost for envelopes
 \ 2 Half of FY 2025 after law becomes effective
\$6,590 **FY 2025 Envelope Cost (6 months only)**
\$13,180 **FY 2026 Envelope Cost**
\$13,180 **FY 2027 Envelope Cost**

193,830 Number of notices issued by the Department
X \$.55 Cost for postage
 \$106,607 Total Annual Cost for postage
 \ 2 Half of FY 2025 after law becomes effective
\$ 53,304 **FY 2025 Postage Cost (6 months only)**
\$106,607 **FY 2026 Postage Cost**
\$106,607 **FY 2027 Postage Cost**

In summary, **Oversight** notes the following costs for mailings:

	FY 2024	FY 2025 (6 Mos.)	FY 2026
Mailings	\$0	\$63,577	\$127,153

DOR notes this online system will also allow the Department and contract offices to verify insurance at the time a vehicle is registered or a registration is renewed both in-person and online. The registration or renewal will be denied if insurance is not confirmed.

The proposal allows the Department to suspend registration of a vehicle if it has reason to believe a vehicle is uninsured. Currently, the Department enforces compliance with the insurance law in the following ways:

- If an owner fails to show proof of insurance at the time of registration, registration or renewal of registration is denied;
- A no insurance conviction assesses four points to a driver or owners driving record; and

- If an uninsured driver and owner are involved in an accident and it is reported to the Department pursuant to §303.040, the driver's operating privilege and the owner's vehicle registration is suspended.

The court also has the ability to enter an order suspending the driving privilege, pursuant to §303.025.3. In CY 2022, the Department received four court-ordered suspensions. The Department does not have available data to determine an estimated volume of increase, but assumes it will be minimal enough to be absorbed by current FTE. If the increase is more significant than anticipated or additional laws are passed that impact the staff who process these court orders, additional FTE may be requested through the appropriations process.

The Department has no data that would help to determine how much of an increase in hearing requests the Department will receive, but assumes it will not cause additional FTE. If the increase in hearing requests is more significant than anticipated or additional laws are passed that affect the staff who mediate these hearings, additional FTE may 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.

To implement the proposed legislation, **DOR** states it will be required to:

- Perform programming changes and testing of the web-based online insurance system for a minimum of nine months, per bill provisions
- Create forms
- Update Department's website
- Update Driver Guide
- Draft internal and external procedures
- Create an Advisory Council to establish the objectives, details, and deadlines for the system
- Draft Administrative Rules

FY 2025 – Driver License Bureau (DLB)

Associate Research/Data Analyst	450 hrs. @ \$20.54 per hr. = \$9,243
Research/Data Analyst	175 hrs. @ \$25.63 per hr. = \$4,485
Administrative Manager	60 hrs. @ \$27.82 per hr. = \$1,669
	\$15,397

This legislation will result in an unknown increase in hearings the Department will conduct in regards to appeals. If the increase in hearings is significant, the Department will request additional FTE through the appropriations process.

Oversight will reflect an “Unknown” cost to DOR for the administration of Sections 303.420 to 303.440, RSMo, in the Motor Vehicle Financial Responsibility Verification and Enforcement Fund.

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 **\$354,996** in FY 2024 (3,736.80 hours x \$95 per hour) and **\$35,500** in FY 2025 and FY 2026 (373.68 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.

Revenue Impact

DOR states if a no insurance conviction subsequently results in a point accumulation suspension, the individual will be required to pay a \$20 reinstatement fee. With a presumption that 10% of all convictions received will result in a suspension, the reinstatement fees collected would be:

193,830	Number of annual convictions
X 10%	presumed percent of suspensions
19,383	Number of annual point suspensions
X 35%	Percent that reinstate annually
6,784	Number of annual reinstatements from these suspensions
X \$20	Reinstatement fee per suspension
\$135,680	Reinstatement fees collected annually
\ 12	Number of months in a year
\$11,307	Increase in reinstatement fees collected monthly
X 6	Number of months in FY 2025 after law becomes effective
\$67,842	Fees Collected in FY 2025 (6 months only)

Fees collected will be distributed 75% Highway Fund, 15% Cities, and 10% Counties.

FY 2025

\$67,842 x 75% = \$50,882	Highway Fund
\$67,842 x 15% = \$10,176	Cities
\$67,842 x 10% = \$ 6,784	Counties

FY 2026

\$135,680 x 75% = \$101,760	Highway Fund
\$135,680 x 15% = \$20,352	Cities
\$135,680 x 10% = \$13,568	Counties

FY 2026

\$135,680 x 75% = \$101,760 Highway Fund

\$135,680 x 15% = \$20,352 Cities

\$135,680 x 10% = \$13,568 Counties

The fiscal impact estimated above is based on changes in the current Department's Motor Vehicle and Driver Licensing 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.

Oversight also notes this proposal creates the "Motor Vehicle Financial Responsibility Verification and Enforcement Fund", which shall consist of money collected under Sections 303.420 to 303.440, RSMo. Oversight notes fees from the pretrial diversion program being established will be deposited into this fund.

Oversight notes the following misdemeanor convictions for violations of §303.025:

FY 2022	7,573
FY 2021	6,478
<u>FY 2020</u>	<u>5,662</u>
Average	6,571

There is no way to determine how much revenue will be collected as a result of this provision; however, Oversight will estimate that 5% to 25% of violators will participate in the diversion program.

$6,571 \times 5\% = 329 \times \200 (diversion participation fee) = \$65,800

$6,571 \times 25\% = 1,643 \times \200 (diversion participation fee) = \$328,600

Oversight notes because this is a diversion program, offenders may choose this option instead of paying a normal fine, which will result in a decrease in fine revenue to schools; therefore, Oversight will reflect an "Unknown" loss to schools. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula in following years.

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the following regarding this proposal:

If as contemplated in the bill, DOR enters into an agreement with MOPS to administer the financial responsibility enforcement and compliance incentive diversion program created in Section 303.425 [much like the MOPS equivalent in Oklahoma does] there will be fiscal impact.

First, there will be a positive fiscal impact to MOPS from its share of the diversion fees collected but that amount is not able to be determined at this time. The positive financial impact will depend on the number of diversion cases and the amount of the diversion fee MOPS is allowed to retain for administering the diversion program. At a minimum, based on the success of the Oklahoma program, the positive fiscal impact should cover the cost of administering the diversion program and further replace revenue lost from significantly reduced bad checks restitution which has severely declined over the past decade, which in turn has significantly reduced the amount of revenue available to adequately fund the office in serving the state's prosecutors and circuit attorney.

Second, while MOPS plans on developing and implementing the diversion program with existing staff including the two FTEs (deputy general counsel and paralegal) added in the FY 2023 budget, there is the possibility of the need to add additional staff. MOPS will evaluate whether additional staff is needed at the end of the first year of implementation of the diversion program.

Oversight notes that the proposal allows DOR to enter into an agreement with a third party other than MOPS to administer the diversion program. For fiscal note purposes Oversight will assume DOR will enter into an agreement with MOPS and will reflect an “Unknown” increase in revenue for diversion fees and a “\$0 or Unknown” cost to MOPS for administering the program.

Officials from the **Missouri Department of Transportation (MODOT)** defer to the DOR for the potential fiscal impact of this proposal.

Officials from the **Department of Commerce and Insurance**, the **Department of Corrections**, the **Missouri Highway Patrol**, the **Office of the State Courts Administrator** 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.

In response to a previous version, officials from the **Office of the State Public Defender** 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.

§304.822 – Siddens Bening Hands Free Law

Officials from the **Department of Revenue (DOR)** assume 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.

Officials from the **Department of Corrections (DOC)** assume this proposal enacts provisions relating to the operation of motor vehicles.

Section 304.822 is created to include restrictions on the use of electronic communication devices while operating a motor vehicle. New penalties include a class D misdemeanor, a class B misdemeanor, and a class D felony. Misdemeanor penalties are not under the purview of the department.

For each new nonviolent class D felony, the department estimates three people could 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 could be served in prison with 1.7 years to first release. The remaining 2.2 years could be on parole. Probation sentences could 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.

Officials from the **Missouri Highway Patrol** assume the proposal will 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 MHP.

Officials from the **Department of Commerce and Insurance, Department of Elementary and Secondary Education, Missouri Department of Transportation** and **Missouri Office of Prosecution Services** 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 **Office of the State Courts Administrator** assume there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

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 \$150 (no prior conviction within the preceding 24 months) up to \$500 (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

Officials from the **Department of Revenue (DOR)** assume 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 absorbing 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.

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.

Officials from the **Attorney General’s Office, Office of Administration, Office of Administration - Administrative Hearing Commission** and **Missouri Department of Transportation** 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.

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 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Cost – DOR – OA-ITSD services</u> (\$303.420 to 303.440) p. 10	(\$354,996)	(\$35,500)	(\$35,500)

<u>Cost</u> – DOR – OA-ITSD services (§304.822) p. 14	(\$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. 15	(\$23,748)	(\$58,134)	(\$79,062)
<u>FISCAL IMPACT</u> – State Government (continued)	FY 2024 (10 Mo.)	FY 2025	FY 2026
<u>Transfer Out</u> – to the Motor Vehicle Financial Responsibility Verification and Enforcement Fund – start-up expenses before revenue stream is established (§303.420 to 303.440) p. 10	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$412,397)</u>	<u>Could exceed (\$93,634)</u>	<u>Could exceed (\$114,562)</u>
HIGHWAY FUND			
<u>Revenue</u> – reinstatement fees (§303.420 to 303.440) p. 11	\$0	\$50,882	\$101,760
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$0</u>	<u>\$50,882</u>	<u>\$101,760</u>
MOTOR VEHICLE FINANCIAL REPONSIBILITY VERIFICATION AND ENFORCEMENT FUND			

<u>Transfer In</u> – from General Revenue (§303.420 to 303.440) p. 10	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue</u> – money collected (§303.420 to 303.440) p. 12	\$0	\$32,900 to \$164,300	\$65,800 to \$328,600
<u>Cost</u> – DOR to administer program (303.420 to 303.440) p. 10	\$0	(Unknown)	(Unknown)
<u>Cost</u> – DOR – mailings p. 9	\$0	(\$63,577)	(\$127,153)
<u>FISCAL IMPACT</u> – State Government (continued)	FY 2024 (10 Mo.)	FY 2025	FY 2026
ESTIMATED NET EFFECT ON THE MOTOR VEHICLE FINANCIAL RESPONSIBILITY VERIFICATION AND ENFORCEMENT FUND	\$0	<u>Less than (\$30,677) to could exceed \$100,723</u>	<u>Less than (\$61,353) to could exceed \$201,447</u>
MISSOURI OFFICE OF PROSECUTION SERVICES FUND (0680)			
<u>Revenue</u> – MOPS – fees from diversion program (§303.420 to 303.440) p. 12-13	\$0	Unknown	Unknown
<u>Cost</u> – MOPS – costs to administer program (§303.420 to 303.440) p. 12-13	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON THE MISSOURI OFFICE OF PROSECUTION SERVICES FUND	\$0	\$0	\$0

VARIOUS STATE FUNDS			
<u>Revenue</u> - Court costs from using an electronic wireless communication device while driving (§304.822) p. 15	\$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</u> (continued)	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	\$0 or Up to (\$253,656)	\$0 or Up to (\$304,387)	\$0 or Up to (\$304,387)
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	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

sale (§§144.020 & 144.070) p. 6			
<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>
<u>FISCAL IMPACT</u> – 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</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 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</u> – State Government (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</u> – Local Government	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> – potential increase in sales tax collection due to dealers having the ability to collect sales		\$0 or Unknown	\$0 or Unknown

tax at the time of sale (§§144.020 & 144.070) p. 6	\$0 or Unknown		
<u>Revenue</u> (Cities 15%) – reinstatement fees (§303.420 to 303.440) p. 11	\$0	\$10,176	\$20,352
<u>Revenue</u> (Counties 10%) – reinstatement fees (§303.420 to 303.440) p. 11	\$0	\$6,784	\$13,568
<u>FISCAL IMPACT – State Government</u> (continued)	FY 2024 (10 Mo.)	FY 2025	FY 2026
<u>Revenue</u> – Schools Fine revenue from expansion of using an electronic wireless communication device while driving (§304.822) p. 16	\$0	Unknown	Unknown
<u>Revenue</u> - Court costs from using an electronic wireless communication device while driving (§304.822) p. 16	\$0	Less than \$125,000	Less than \$250,000
<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)
<u>Loss</u> – Schools – decreased in fine revenue for those who choose the diversion program over paying the standard fine (§§303.420 to 303.430) p. 12	\$0	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or Up to</u> <u>(\$9,273,657)</u>	<u>More or Less than</u> <u>(\$10,986,429)</u>	<u>More or Less</u> <u>than</u> <u>(\$10,844,469)</u>
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FISCAL IMPACT – Small Business

Small motor vehicle dealerships could be impacted as a result of this proposal.

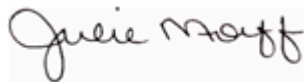
FISCAL DESCRIPTION

This proposal modifies provisions relating to motor vehicles.

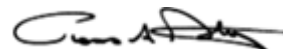
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning
Missouri Highway Patrol
Missouri Department of Transportation
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of Administration
Office of Administration - Administrative Hearing Commission
Department of Corrections
Office of the State Public Defender
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Department of Commerce and Insurance
Department of Elementary and Secondary Education



Julie Morff
Director
June 15, 2023



Ross Strobe
Assistant Director
June 15, 2023