

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3515-03
Bill No.: SB 946
Subject: Motor Vehicles; Fees; Roads and Highways; Motor Fuel
Type: Original
Date: February 4, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
ROAD FUND	\$28,570,188	\$44,515,318	\$44,996,819
HIGHWAY FUND	\$233,222	\$299,333	\$299,333
Total Estimated Net Effect on <u>All</u> State Funds	\$28,803,410	\$44,814,651	\$45,296,152

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$10,774,282	\$16,689,106	\$16,886,940

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Public Safety – Missouri State Highway Patrol** assume the proposal will have no fiscal impact to their agency.

Officials with the **Department of Economic Development (DED)** assume this proposal will result in increased revenue from the imposition of the docket fee. Such increased revenue will be received and deposited into the Highway Fund by division staff, and the tracking of all amounts will be required for audit purposes.

DED also assume the \$200 docket fee would only be assessed on those items which required filing with the Administrative Law Judge. However, if the fee is required for all items filed with the division, then the fiscal impact would be substantially higher. To arrive at an estimated impact, the division analyzed activity for the past three fiscal years. An average was then calculated and used to determine the impact of the \$200 docket fee. Specific impact includes: Registration cases filed with the ALJ: 857 cases x \$200 = \$171,400 per year; Number of Interstate Exempt Applications issued: 618 cases x \$200 = \$123,533 per year; Number of Railroad Applications: 22 applications x \$200 = \$4,400 per year. Estimated grand total impact per fiscal year: \$299,333.

Officials with the **Department of Transportation (MoDOT)** assume this proposal increases taxes on diesel fuel by 3 cents per gallon and removes the sunset clause for the previous \$0.06 fuel tax increase that is currently scheduled to expire on April 1, 2008. The proposed legislation also increases commercial vehicle registration fees, increases Commercial Drivers License fees, and lowers the speed limit for trucks weighing over 48,000 pounds. The legislation is generally favorable to MoDOT, providing additional funding for much-needed transportation improvements. If additional funding is received MoDOT may require additional employees and incur associated additional expense and equipment and/ or capital improvement and rental costs if necessary to manage the additional workload resulting from the increased funding. If enacted, the legislation would require the replacement of 442 interstate speed limit signs and 91 expressway speed limit signs. The costs associated with the sign replacement has been included in our response.

MoDOT assumes revenue gain begins January 1, 2003 with the following yearly growth rates: 1.5% motor vehicle license revenue growth; 2% special fuel tax growth; 1% gasoline tax growth.

MoDOT anticipates that the proposal would generate additional revenue to fund transportation improvements beyond FY 2005. The additional revenue expected to be generated from the proposal through FY 2009 is: 2006-\$39,607,000; 2007-\$42,232,000; 2008-\$63,850,000;

2009-\$296,855,000.

ASSUMPTION (continued)

Oversight assumes the DOR's projection of Motor Vehicle Registration Fee Revenue to be more reasonable than MoDOT's projection and therefore incorporated the DOR's revenue impact for this item into MoDOT's total State Road Fund projection.

Officials with the **Department of Revenue (DOR)** make the following assumptions:

ADMINISTRATIVE IMPACT

Division of Taxation

The Business Tax section will have to notify 800 motor fuel licensees and all cities and counties. These notifications will be implemented through updating current forms and billing letters. The Division of Taxation will not request additional funds for the forms and billing letters.

Information Technology Bureau (Taxation)

The MITS system will need program changes, however, these changes are all table rate changes and can be modified with minimal impact.

Division of Motor Vehicle and Drivers Licensing

Driver and Vehicle Service Bureau

This proposal will require various changes to the Driver and Vehicle Services Bureau policies, procedures, forms and postage. The DVSB will incur cost in the amount of **\$15,442** to ensure these changes are incorporated. (This also includes a forms destruction cost due to current forms inventory and implementation date of this proposal of \$4,412)

Information Technology Bureau

Programming modifications will need to be made to our General Registration System and the Field Automated System for Titling and Registration. Programming modifications for the in-house General Registration System will require **\$5,769**.

A cost analysis was requested from the current contract vendor, UNISYS, Inc. for programming changes necessary to the FASTR system. The vendor indicated that the estimated cost of programming would be **\$6,000**.

Programming modifications will also be required for our Over-the-Counter driver license system. The current contract vendor charges \$100 an hour and will require 85 hours of programming. 85 hours x \$100 = **\$8,500** The proposal will also require approximately 100 hours of testing to ensure that all correct fees have been applied to the system by an in-house Management Analysis Specialist II. This will take approximately 100 hours. 100 hours x \$25 per hour = **\$2,500**

Highway Reciprocity Commission
ASSUMPTION (continued)

The current system used in the Highway Reciprocity Commission to collect fees and generate distributions for interstate use of highways will require completed programming issues that cannot be accomplished with existing personnel. To effectively implement this legislation the HRC will require two Senior Programmers for 200 hours at a rate of \$71 per hour. HRC will incur a cost of \$28,400 to implement this legislation.

REVENUE IMPACT

Vehicle Registration Fee Increases

There would be an increase in revenue from the increase registration fees for the different classes of motor vehicles. The revenue increase is estimated based on statistics from our General Registration System. The estimated revenue impact is as follows:

FY03 (10 mos)	FY04	FY05
\$10,176,156	\$12,333,501	\$12,456,836

Highway Reciprocity Commission

This proposal also increases vehicle registration fees in coordination with the Highway Reciprocity Commission, Interstate Vehicles. The Highway Reciprocity Commission provided the following totals based on the proposed increases to interstate vehicles.

Total Increase to Revenue based on increased registration fees, and trip permits.

FY03	FY04	FY05
\$10,093,949	\$20,151,843	\$20,151,843

Special Note: This amount could decrease because currently Missouri already ranks in the top 15 states in the nation for heavy vehicle registration fees. This proposal raises those fees even higher, which will probably cause carriers who can legally due so, to shift their registration to another state with lower fees.

Driver License Fee Increases

There would be an increase in revenue from the increased driver license fees for Class A, B, & C CDL licenses (new and renewal). The revenue increase is estimated based on statistics from our Missouri Transportation Accounting System. In addition, these projections were made based on the new six year driver's license which went into effect July 1, 2000. The estimated revenue impact is as follows:

FY03	FY04	FY05
\$1,051,020	\$955,080	\$955,080

ASSUMPTION (continued)

Division of Taxation

The Division of Taxation actual figures based on \$.17 per gallon indicates that for CY2001 the net amount of motor fuel sold was 3,897,676,100 gallons. The net amount sold takes into consideration the amount of refunds given (including IFTA); therefore, indicates the NET amount that was sold during the CY2000. The Office of Administration, Budget & Planning will estimate revenue impact.

The Office of Administration, Budget & Planning will estimate revenue impact for revenue generated from the increase in motor fuel tax.

Oversight assumes the DOR's projection of Motor Vehicle Registration and Driver's License Fee Revenue to be more reasonable than MoDOT's projection and therefore incorporated the DOR's revenue impact for this item into MoDOT's total State Road Fund projection.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
STATE ROAD FUND			
<u>Costs</u> – MoDOT			
Equipment and Expense	(\$123,656)	\$0	\$0
<u>Revenue</u> – MoDOT			
Increased Taxes	\$12,703,000	\$19,435,000	\$19,824,000
Increased Registration and Driver's License Fees	<u>\$15,990,844</u>	<u>\$25,080,318</u>	<u>\$25,172,819</u>
ESTIMATED NET EFFECT TO STATE ROAD FUND	<u>\$28,570,188</u>	<u>\$44,515,318</u>	<u>\$44,996,819</u>
STATE HIGHWAY FUND			
<u>Revenue</u> – Department of Economic Development			
Docket Fees	\$299,333	\$299,333	\$299,333
<u>Cost</u> – Dept. of Revenue			

(Section 302.735).

TRUCK SPEED LIMITS - The act limits trucks registered over 24,000 pounds to 65 mph on rural freeways and interstates. Down from 70 mph. A person operating a truck in excess of 65 mph shall be fined \$100 for every 5 miles in which the operator exceeds 65 mph. This fine is in addition to all other fines and court costs imposed for the speeding violation (Section 304.010).

DOCKET FEES - The act requires the Division of Motor Carrier and Railroad Safety to charge a

DESCRIPTION (Continued)

docket fee of \$200 (Section 622.030).

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 Transportation
Department of Revenue
Department of Economic Development
 Division of Motor Carrier and Railroad Safety
Department of Public Safety
 Missouri State Highway Patrol



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