

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0253-04
Bill No.: Truly Agreed To and Finally Passed SCS for SB 89
Subject: Federal - State Relations; Fees; Licenses - Driver's; Motor Carriers; Department of Revenue; Veterans
Type: Original
Date: June 26, 2019

Bill Summary: This proposal enacts provisions relating to licenses to operate motor vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
#General Revenue	(\$260,901) to (\$705,581)	(\$63,578) to (\$305,473)	(\$64,095) to (\$308,031)
#Total Estimated Net Effect on General Revenue	(\$260,901) to (\$705,581)	(\$63,578) to (\$305,473)	(\$64,095) to (\$308,031)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Highway Fund	(\$149,671 to \$878,436)	(\$189,812 to \$1,493,341)	(\$194,604 to \$1,498,133)
Highway Patrol Inspection Fund	(More than \$143,757 to \$294,289)	(More than \$287,514 to \$588,578)	(More than \$287,514 to \$588,578)
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed (\$293,428 to \$1,172,725)	Could exceed (\$477,326 to \$2,081,919)	Could exceed (\$482,118 to \$2,086,711)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 27 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	1 or 8 FTE	1 or 4 FTE	1 or 4 FTE
Highway Fund	(1) to 6 FTE	(1) to 6 FTE	(1) to 6 FTE
Total Estimated Net Effect on FTE	Up to 14 FTE	Up to 10 FTE	Up to 10 FTE

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$77,126 to \$141,293	\$140,354 to \$217,354	\$140,354 to \$217,354

FISCAL ANALYSIS

ASSUMPTION

§144.070 & §301.032 - Provisions for Motor Vehicle Rental or Leasing Companies

Officials at the **Department of Revenue (DOR)** assumed the following regarding this legislation:

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

- Update or create procedures, correspondence, and the Department website;
- Update the Application for Permit to Operate as a Motor Vehicle/Marine Craft Leasing Company (DOR-901);
- Complete programming and user acceptance testing;
- Create or amend administrative rules; and
- Train staff.

FY 2020 - Motor Vehicle Bureau

Management Analysis Spec I	440 hrs. @ \$18.42 per hr.	= \$ 8,105
Administrative Analyst III	10 hrs. @ \$19.80 per hr.	= \$ 198
Administrative Office Support Asst.	15 hrs. @ \$13.78 per hr.	= \$ 207
Revenue Manager	80 hrs. @ \$20.59 per hr.	= \$ 1,647
Total		= \$10,157

FY 2020 - Personnel Services Bureau

Administrative Analyst III	10 hrs. @ \$19.80 per hr.	= \$ 198
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Total Costs **= \$10,355**

DOR notes OA-ITSD services will be required at a cost of **\$85,050** (1,134 hours x \$75 per hour) in FY 2020.

Revenue Impact §301.032

DOR notes this legislation will allow licensed lease rental companies that have 3,500 or more vehicles registered in their fleet to be issued fleet license plates that can be transferred around within their fleet without having to transfer the registration through the Department of Revenue. The average passenger vehicle fee in FY 2018 was \$24.

ASSUMPTION (continued)

Revenue Impact \$301.032 (continued)

This legislation increases the cost of each plate to \$36 for lease rental companies that utilize this option, but the Department will not collect \$2 transfer fees since the qualifying lease rental companies will no longer be required to transfer their registration through the normal process, but rather will be able to transfer their registration within their fleet without doing so through the Department. It is unknown how many companies will utilize this option. Currently, there are 0 companies that registered their vehicles as a fleet that have 3,500 or more vehicles registered in their fleet. Larger companies this legislation is designed for do not currently register their vehicles as a lease rental, and since the name these entities use for titling purposes can vary, the Department is unable to obtain the number of vehicles that are titled in these larger companies names (Enterprise, Avis, Budget, etc).

For the purposes of this fiscal note, the Department is assuming there will be 4 companies that will utilize the provisions in this legislation. Assuming all 4 companies purchase 3,500 license plates, since the per plate cost (\$36) minus the \$2 transfer fee is \$10 more than the average passenger registration cost (\$24), there will be an estimated increase in registration fees that go to Highways, Cities, and Counties plates issued in the amount of **\$140,000** ($3,500 \times 4 \times \10).

This amount could significantly increase if the amount of plates purchased by lease rental companies is significantly higher than the assumptions used for this fiscal note.

Revenue Impact \$144.070.5

Some of these companies that register their vehicles as a lease rental prescribed in this legislation will have trucks in their fleet. The average cost for noncommercial truck registration is \$46. This will result in a decrease of \$12 per plate for trucks. A vast majority of vehicles in lease rental companies that will qualify for the provisions of this legislation are passenger vehicles, and so this decrease will be minimal.

DOR notes there was 673 lease rental companies in FY 2018. With the \$250 licenser fee this legislation creates, there would be an increase in the amount of **\$168,250** that would get distributed to highways, cities, and counties.

ASSUMPTION (continued)

Revenue Impact (continued)

Total Increase in Amount to Distribute \$308,250 (\$140,000 + \$168,250)

	FY 2020 (10 months)	FY 2021	FY 2022
Highways	\$192,656	\$231,187	\$231,187
Cities	\$38,531	\$46,238	\$46,238
Counties	\$25,688	\$30,825	\$30,825
Total	\$256,875	\$308,250	\$308,250

Source: DOR

Oversight does not have any information to the contrary in regards to DOR's assumptions for annual registration fees. Oversight will reflect the increase in revenue due to the annual \$250 registration fee required to rent and/or lease vehicles (Up to \$168,250).

Oversight will range the fiscal impact of the increase of fees for license plates from \$24 (average cost of license plate registration for passenger vehicles) to \$46 (average cost of license plate registration for trucks) rather than the \$36 indicated by DOR:

Legislation: $\$360$ (first 10 plates) + $3,490$ (plates remaining if all 3,500 plates are purchased) x $\$36$ (proposed fee) = $\$126,000$

Current (passenger vehicles): $3,500$ plates x $\$24$ (average passenger registration fee) = $\$84,000$

Current (trucks): $3,500$ x $\$46$ (average truck registration fee) = $\$161,000$

Passenger vehicles difference: $\$126,000 - \$84,000 = \$42,000$ x 4 companies (DOR assumption) = $\$168,000 - \$28,000$ (loss of \$2 transfer fee for license plates, $3,500 \times 4 \times \$2$) = $\$140,000$

Trucks difference: $\$126,000 - \$161,000 = (\$35,000)$ x 4 companies (DOR assumption) = $(\$140,000) - \$28,000$ (loss of \$2 transfer fee for license plates, $3,500 \times 4 \times \$2$) = $(\$168,000)$

ASSUMPTION (continued)

Revenue Impact (continued)

§144.070 673 lease/rental companies x \$250 registration fee = Up to **\$168,250**

	FY 2020 (10 months)	FY 2021	FY 2022
Highways	Up to \$105,156	Up to \$126,187	Up to \$126,187
Cities	Up to \$21,031	Up to \$25,238	Up to \$25,238
Counties	Up to \$14,022	Up to \$16,825	Up to \$16,825
Total	Up to \$140,209	Up to \$168,250	Up to \$168,250

Source: Oversight

§301.032 Loss of truck registration fees (all trucks) **(\$168,000)** to increase in passenger vehicle fees (all cars) **\$140,000**

	FY 2020 (10 months)	FY 2021	FY 2022
Highways	(\$105,000) to \$87,500	(\$126,000) to \$105,000	(\$126,000) to \$105,000
Cities	(\$21,000) to \$17,500	(\$25,200) to \$21,000	(\$25,200) to \$21,000
Counties	(\$14,000) to \$11,667	(\$16,800) to \$14,000	(\$16,800) to \$14,000
Total	(\$142,800) to \$116,667	(\$168,000) to \$140,000	(\$168,000) to \$140,000

Source: Oversight

Oversight notes the \$3.50 agent fee in Section 301.032.7 is already being collected; therefore, there is no fiscal impact from this provision.

§§301.020, 301.191 & 307.350 - Motor Vehicle Inspections and Homemade Trailers

Officials at the **Department of Public Safety - Missouri Highway Patrol (MHP)** state the following regarding this legislation:

Currently, the vehicle safety inspection program is funded by charging licensed inspection stations a fee of \$1.50 for each safety inspection sticker and/or motorcycle decal purchased. These stickers and/or decals are used by licensed stations to indicate a presented vehicle has passed the vehicle safety inspection.

ASSUMPTION (continued)

\$1.00 for each sticker/decal sold is deposited into the Highway Fund (0644), while \$0.50 for each sticker/decal sold is deposited into the Highway Patrol Inspection Fund (0297). Activities of the Motor Vehicle Inspection Division (MVID) are primarily supported by monies from the Highway Fund, with additional monies from the Highway Patrol Inspection Fund dedicated to safety and education programs of the division.

FY 2018 MVID records indicate deposits from the vehicle safety inspection program, totaling \$3,838,481, were made into the following accounts:

Highway Fund (0644):	\$2,573,303
Highway Patrol Inspection Fund (0297):	<u>\$1,265,178</u>
Total Income Loss from Program Elimination:	\$3,838,481

Upon further inquiry, **Oversight** notes MHP stated that \$10 station fees and fees for additional optional inspection signs for stations are also deposited into the Highway Fund, which accounts for the Highway Fund not being exactly twice as large as the Highway Patrol Inspection Fund.

MHP notes this legislation would require vehicles more than 10 years old or having 150,000 or more miles to be inspected. There are currently 5,111,087 vehicles registered in Missouri (as of January 4, 2019), of which 2,517,132 are less than 10 years old. This means the remaining 2,593,955 would be more than 10 years old.

Information obtained from the Gateway Vehicle Inspection Program (GVIP) non-attainment area indicates that 22,609 vehicles out of the 1,001,862 inspections performed in that area on vehicles less than 10 years old had an odometer reading of 150,000 or more miles. This is approximately 2.2%, and extrapolating that to the entire state would indicate that 112,444 vehicles would be less than 10 years old but have more than 150,000 miles ($5,111,087 \times 2.2\%$).

As a result, 2,706,399 vehicles would fall under the biennial inspection process (2,593,955 plus 112,444), meaning half of them, or 1,353,200, would be inspected each year ($2,706,399 / 2$).

The current inspection process generates \$2,573,303 per year in Highway funds and \$1,265,178 in Highway Patrol Inspection funds. The revenue generated by the amendment would only be \$1,353,200 in Highway funds (\$1.00 per vehicle) and \$676,600 in Highway Patrol Inspection funds (\$0.50 per vehicle). As a result, there would be a \$1,220,103 loss of Highway revenue (\$2,573,303 minus \$1,353,200), and a \$588,578 loss of Highway Patrol Inspection revenue (\$1,265,178 minus \$676,600).

ASSUMPTION (continued)

This loss of revenue would directly impact the funding of Highway Patrol operations. The portion of sticker sales that is deposited into the Highway fund (\$2,573,303 per year) partially funds the Patrol's Motor Vehicle Inspection Division. This division is comprised of 72 FTE and has a personal services budget of \$5,307,336 including fringe benefits, and an expense and equipment budget of \$410,804.

Oversight assumes the cars impacted by this legislation that will no longer be required to be inspected are those between 5 years and 10 years of age, without having more than 150,000 miles. Oversight inquired with the Department of Revenue (DOR) and there are 1,388,523 registered vehicles that are five years old or newer. Oversight assumed MHP's estimate of 112,444 vehicles x proportion of population cars 10 years old or newer.

	Provided by MHP or DOR	Determined
Total Cars registered	5,111,087	
Registered cars 5 years or newer	1,388,523	
Registered cars more than 10 years	2,593,955	
Registered cars 10 years or newer	2,517,132	
		(2,593,955 - 1,388,523)
Registered cars between 10 and 5 years		1,205,432
Less # of cars 10 years old or less that will have more than 150,000 miles and still require an inspection (MHP's 112,444 x (2,517,132 / 5,111,087))		(55,377)
Number of vehicles that will no longer require inspection as a result of this bill		(1,205,432 - 55,377) 1,150,055

Therefore, assuming a biennial inspection process, Oversight will assume a loss to the Highway Fund of \$575,028 (1,150,055 / 2 x \$1.00) annually, and a corresponding loss to the Highway Patrol Inspection Fund of \$287,514 annually (\$0.50). Oversight assumes some cars will be inspected more than once during a biennial period (bought/sold, transferred, owner reassurance, etc.), so we will range the fiscal impact from "More than" Oversight's estimates provided above to the MHP's estimates.

ASSUMPTION (continued)

Oversight does not have information regarding the number/percent of vehicles that will be 10 years of age or newer, but have over 150,000 miles. Therefore, Oversight will utilize MHP's estimate of 112,444 vehicles.

MHP notes the legislation also eliminates the inspection of homemade trailers under 16' in length by official safety inspection stations. All previously untitled homemade trailers, regardless of length, would require inspection performed by either the sheriff of the county in which the owner is a resident, or by MHP. The current cost of such inspections is \$10.

This legislation would increase the fee for this inspection to \$25. When inspected by the sheriff, these revenues would be deposited into the local law enforcement fund, or if no such fund exists, into the county's general revenue fund. When inspected by MHP, the fee would be paid to the Director of Revenue for deposit into the Highway Fund.

Approximately 4,308 such trailer inspections were performed at official safety inspection stations in FY 2018. With this legislation, these inspections could be performed by MHP, creating additional revenue for the state of Missouri in the amount of \$107,700.

FY2018:	Homemade trailer inspections (under 16'):	4,308
	Inspection Fee:	x \$25
	Revenue Increase	\$107,700

In addition, in FY 2018, 787 trailers over 16' in length were inspected by local sheriff's or MHP, as required by statute. The current cost of such inspections is \$10. This legislation would increase the fee for this inspection to \$25, with the same provisions as stated above, for a net increase in revenues per inspection of \$15. This fee increase could increase state revenues by \$11,805.

FY2018:	Homemade trailer inspections (16' and over):	787
	Increase in Inspection Fee (\$10 to \$25):	x \$15
	Revenue Increase	\$11,805

Oversight notes, according to the MHP's budget submission, the Motor Vehicle Inspection Division is responsible for the overall administration and enforcement of the statutorily-mandated vehicle safety inspection program. Program expenditures for the past three fiscal years are as follows:

ASSUMPTION (continued)

FY 2018 \$5,692,377*
FY 2017 \$5,526,580*
FY 2016 \$5,348,399*

* Mostly “other state funds” including Highway, Highway Patrol Inspection, and OASDHI.

Oversight does not have any information to the contrary in regards to MHP’s assumptions regarding trailer inspections; therefore, Oversight will reflect the increase in revenue due to all trailer inspections being done by MHP.

Oversight inquired of MHP as to any potential program savings from reducing the number of inspections conducted. MHP stated there would be no elimination of FTE; however, based on a previous response from MHP in which 14 FTE would be eliminated due to the repeal of the inspection program, Oversight will assume up to half (7) of these FTE could still be eliminated.

2,599,028 (vehicles 10 years or older + approximate number of vehicles with over 150,000 miles that are less than 10 years old)/5,111,087 (currently registered vehicles in Missouri) = 51% which equates to approximately 7 FTE (14 FTE estimated from elimination of inspection program x 51%).

For simplicity purposes, **Oversight** will range the fiscal impact of the reduced program savings from \$0 (as indicated by MHP) to the elimination of 7 FTE (half of the amount indicated in the previous fiscal note as Oversight does not know which specific positions would be eliminated). Oversight will not break out the possible savings to the Highway Patrol Inspection Fund.

Additionally, **Oversight** will reflect income (increased fee for homemade trailer inspections) to local law enforcement on the fiscal note.

Oversight notes that the MHP stated there are currently 33 states that do not have vehicle inspections.

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

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

- Update procedures, correspondence letters, and the Department website;
- Update the Application for Missouri Title and License (DOR-108);
- Update the Application for Missouri Vehicle License (DOR-184);
- Update the General Affidavit (DOR-768);

ASSUMPTION (continued)

- Send out notification to all dealers via GovDelivery;
- Update the motor vehicle renewal notices and titling manual;
- Complete programming and user acceptance testing of identified systems;
- Amend and update administrative rules; and
- Train staff

FY 2020 - Motor Vehicle Bureau

Management Analysis Spec I	560 hrs. @ \$18.42 per hr.	= \$10,315
Administrative Analyst III	10 hrs. @ \$19.80 per hr.	= \$ 198
Administrative Office Support Asst.	15 hrs. @ \$13.78 per hr.	= \$ 207
Revenue Manager	80 hrs. @ \$20.59 per hr.	= \$ 1,647
Total		= \$12,367

FY 2020 - Personnel Services Bureau

Administrative Analyst III	10 hrs. @ \$19.80 per hr.	= \$ 198
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Total Costs = **\$12,565**

It is assumed that all vehicles less than 10 years of age and less than 150,000 miles will be required to report the odometer reading. For those vehicles, there will not be a safety inspection to determine if mileage should be recorded or not. Only assignments of title will note the mileage.

It is assumed that if a vehicle is less than 10 years old, but has 150,000 miles or more that a safety inspection will be required. The Department will not know when that 150,000 mile threshold is reached to require a safety inspection.

The Department may not be able to administer this legislation accurately due to the Department not knowing when a vehicle reaches the 150,000 mile limit before a required renewal of registration that would require a safety inspection. Currently, the Department obtains mileage on renewals from the safety inspections.

DOR notes OA-ITSD assumes services will be required at a cost of **\$92,988** (1,239.84 hours x \$75 per hour) in FY 2020.

Officials from the **Department of Natural Resources (DNR)** assume the legislation will have no fiscal impact on their organization. DNR noted that the Gateway Vehicle Emissions Inspection Program would still be authorized to continue.

ASSUMPTION (continued)

Oversight inquired of DNR in regards to the fiscal impact of the loss of funds indicated by MHP to the Gateway Vehicle Emissions Inspection Program. Oversight was unable to confirm if this legislation would have a direct fiscal impact on this program; therefore, Oversight has not reflected a fiscal impact to DNR on the fiscal note.

§§302.170, 302.720 & 302.768 - Provisions for Commercial Driver's Licenses

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

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

- Work with OA-ITSD to update the Missouri Electronic Driver License system (MEDL) and develop possible interfaces with the Federal Motor Carrier Safety Act (FMCSA) defined verification system, which may include changes to the Missouri AAMVAnet Interface (MAI) application or a newly developed interface;
- Update Missouri Driver License system (MODL) to update, store and respond to information request related to medical certificate information;
- Update the current issuance term for commercial instruction permits in MEDL and update MODL and MEDL to ensure only one, one-year term documented is issued without retesting as required;
- Update the MEDL system and the MAI application to receive and send out required medical certificate data and post updates to the driver record as required;
- Modify MEDL test entry screens for military waiver applicants to allow the written and skills testing to be waived for military applicants;
- Complete programming and user acceptance testing;
- Update the Uniform License Issuance Manual (ULIM);
- Update the Missouri Driver Guide and CDL manual;
- Update the Missouri Transportation Accounting System (MTAS) to reflect the increased fee;
- Update procedures and the Department website; and
- Train staff.

FY 2020 - Driver License Bureau

Administrative Analyst II	320 hrs. @ \$17.13 per hr.	= \$ 5,482
Management Analysis Spec II	480 hrs. @ \$20.57 per hr.	= \$ 9,874
Revenue Manager	120 hrs. @ \$20.59 per hr.	= \$ 2,471
Total		= \$17,827

ASSUMPTION (continued)

FY 2020 - Personnel Services Bureau

Administrative Analyst III	80 hrs. @ \$19.80 per hr.	= \$ 1,584
Management Analysis Spec I	80 hrs. @ \$18.42 per hr.	= \$ 1,474
Total		= \$ 3,058

Total Costs = **\$20,885**

The total impact is unknown due to the unknown number of potential eligible entities that may wish to become a third-party tester. The Department assumes that an increase in the number of testers from our current volume will require adding at least one FTE to process applications, review monthly reports, review test document submissions and review compliance audits, provide training and manage access to mandatory automated test entry systems and other compliance documentation. Currently, due to the limited number of test sites and many being smaller volume sites, these responsibilities account for approximately one quarter to one-half of a Management Analysis Specialist II and a portion of time for reviews by CDL Coordinator (Planner II) based on the processing month. If the increase in the number of testers that are certified with the Department of Revenue is significant, additional FTE will be requested through the appropriations process.

Management Analyst I - 1 FTE

Additionally, CDL test related fraud is an on-going concern within third-party test organizations in many states. It is assumed additional retesting beyond the minimum 10% required by law, and increased compliance audits would also have to be implemented to ensure driver training schools and other private entities remain compliant.

Unlike the majority of the current third-party programs, these private education institutions are ultimately not the employers and thus do not have the same vested interest as testers limited to developing programs within their own commercial organizations. Occurrence of fraud may lead to unknown amount of cost burden to the state to recall and retest and potentially cancel the license of affected drivers.

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's costs (1 FTE) on the fiscal note.

DOR notes OA-ITSD services will be required at a cost of **\$123,525** (1,647 hours x \$75 per hour) in FY 2020.

ASSUMPTION (continued)

DOR also notes these sections of this legislation are federally mandated. The Federal Motor Carrier Safety Administration's (FMCSA) Minimum Training Requirements for Entry-Level Commercial Motor Vehicle Operators final rule was mandated by the Moving Ahead for Progress in the 21st Century Act (MAP-21) and was effective February 6, 2017. The FMCSA requirements are defined in accordance with 49 CFR Part 380, Subpart F: CDL Entry-Level Driver Training. The current Federal compliance deadline is February 7, 2020. Non-compliance may result in the loss of federal funding and could compromise our commercial driver license issuance program as defined in 49 CFR 384 Subpart C-Procedures for Determining State Compliance 49.

The FMCSA Medical Examiner's Certification Integration rule was posted April 23, 2015 and later amended for a correction and compliance extension. The requirement for electronic verification of medical examiner certificate (MEC) information for commercial drivers is defined in 49 CFR Part §383.73.

The amended deadline for state licensing agency compliance is June 22, 2021. Non-compliance may result in the loss of federal funding and could compromise our commercial driver license issuance program as defined in 49 CFR 384 Subpart C-Procedures for Determining State Compliance 49.

Pursuant to 49 CFR §384.401, following the first year of non-compliance, up to 4% of Federal-aid highway funds apportioned to any State under sections 104(b)(1), (b)(3), and (b)(4) of title 23 U.S.C. shall be withheld from a State on the first day of the fiscal year following such State's first year of non-compliance. For second and subsequent year(s) of non-compliance, an amount up to 8% shall be withheld.

Based on DOR's response, **Oversight** assumes this legislation is federally mandated and will place Missouri in compliance with federal regulations. If Missouri were to remain non-compliant, Missouri would risk losing federal funding of \$26 million (4%) in FY 2021 and \$52 million (8%) in FY 2022 and beyond.

Revenue Impact

The following estimates are based on issuance totals from the Missouri Transportation Accounting System report for FY 2018.

ASSUMPTION (continued)

Estimated increase in commercial permit fees

18,497	New permits issued
x \$5	Increased fee
\$92,485	Increased fees collected annually

75% Distributed to Highway Fund	\$69,364
15% Distributed to Cities	\$13,873
10% Distributed to Counties	\$ 9,248

Estimated decrease in renewal of commercial learners' permit fees

1,870	Renewal permits issued
x \$5	Current permit fee
\$9,350	Decrease in permit fees collected annually

75% Distributed to Highway Fund	\$7,013
15% Distributed to Cities	\$1,402
10% Distributed to Counties	\$ 935

	FY 2019 (10 Mo.)	FY 2020	FY 2021
<i>Amount to Distribute</i>	\$69,279	\$83,135	\$83,135
75% Highway Fund	\$51,959	\$62,351	\$62,351
15% Cities	\$10,392	\$12,472	\$12,472
10% Counties	\$6,928	\$8,314	\$8,314

Source: DOR

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state the following regarding this legislation:

The legislation states the Director of the Department of Revenue shall certify as a third-party tester any private education institution or other private entity, provided the institution or entity meets the necessary qualifications required by the state.

ASSUMPTION (continued)

It appears this legislation, Section 302.720.6, is to allow additional third-party testers (to include private education institutions or other private entities) to administer the Commercial Driver License (CDL) skills tests (pre-trip, basic, and road tests).

Section 302.721.2(2) requires the superintendent of the Highway Patrol to reexamine a minimum of 10% of those drivers who have passed the CDL skills examination administered by a certified third-party commercial driver license examination program in the state of Missouri. Furthermore, federal regulations require on-site inspections of each third-party tester. Currently Missouri conducts audits of each third-party tester at least annually.

Assuming additional private education institutions and private entities will become third-party testers, additional personnel will be needed to perform the duties required.

Currently, the Missouri State Highway Patrol employs 6 CDL auditors in 4 of the 9 troops. There are 11 third-party testers. The auditors are responsible for conducting the initial and ongoing training of the third-party examiners, conducting audits at least annually, which includes auditing the facility, basic skills pads, road test routes and records, reexamining a minimum of 10% of the tests conducted by third-party testers, and maintaining statistics of each third-party examiner focusing on examiners with unusually high or low pass/fail rates.

A conservative estimate may assume that the third-party tester number would double within the first year. This would require an additional 6 FTEs, which would be CDL Examination Auditors. However, this legislation could expand the third-party program well beyond the projected number in this fiscal note. In the late 1990's, the number of third-party testers was in excess of 100.

In 2018, 13,652 tests were conducted by third-party examiners, with 1,986 tests reexamined by state CDL auditors.

Oversight does not have any information to the contrary in regards to MHP's assumptions; therefore, Oversight will reflect MHP's costs (6 FTE) on the fiscal note.

Oversight will use the data provided by DOR and MHP to determine the fiscal impact of this legislation.

ASSUMPTION (continued)

§304.580, 304.585 & 304.894 - Driver's License Revocation for Striking a Highway Worker or Emergency Responder

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

Administrative Impact

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

- Complete programming and user acceptance testing to create a new action type in the Missouri Driver License (MODL) system;
- Create new procedures, training manuals, notices, and forms;
- Update the Missouri Driver Guide and the Department website; and
- Train staff.

FY 2020 - Driver License Bureau

Administrative Analyst I	1176 hrs. @ \$14.70 per hr.	= \$17,287
Management Analysis Spec II	1176 hrs. @ \$20.57 per hr.	= \$24,190
Revenue Manager	1008 hrs. @ \$20.59 per hr.	= <u>\$20,755</u>
Total		= \$62,232

FY 2020 - Personnel Services Bureau

Administrative Analyst III	336 hrs. @ \$19.80 per hr.	= \$6,653
Management Analysis Spec I	336 hrs. @ \$18.42 per hr.	= <u>\$6,189</u>
Total		= \$12,842

Total Costs = **\$75,074**

DOR notes OA-ITSD services will be required at a cost of **\$127,494** (1,699.92 hours x \$75 per hour) in FY 2020.

DOR notes below are the yearly number of MoDOT highway workers struck in work zones. The number of emergency responders is unknown, but is assumed that the statistics are similar.

ASSUMPTION (continued)

Year	Number
2012	8
2013	4
2014	7
2015	12
2016	10
2017	5
2018	7
Total	53

The average total per year is 8 highway workers.

A Revenue Processing Tech I (RPT I) can process 48 revocations per day, including returned mail and other related documents. The Department assumes it can absorb the additional processing with existing staff. If the number of documents received is higher than anticipated, additional FTE will be requested through the appropriations process.

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will not reflect a fiscal impact to DOR for revocations on the fiscal note.

Revenue Impact

A \$20 reinstatement fee is imposed for reinstatement of any license suspensions. Due to the low number of suspensions anticipated the expected revenue increase will be minimal.

Any fees collected would be distributed 75% Highway Fund, 15% Cities, and 10% Counties.

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will not reflect an increase in fine revenue on the fiscal note.

ASSUMPTION (continued)

Bill as a Whole

Officials from the **Department of Transportation (MoDOT)** assume the legislation will have no fiscal impact on their organization.

Oversight notes that MoDOT has stated the legislation would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for MoDOT.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Oversight notes there are several sections within this legislation that will result in an administrative impact to DOR. Oversight has summarized this information below.

ASSUMPTION (continued)

FY 2020:

Position	Number of Hours	Cost
Management Analyst Specialist I	1,416	\$26,083
Management Analyst Specialist II	1,656	\$34,064
Administrative Analyst I	1,176	\$17,287
Administrative Analyst II	320	\$5,482
Administrative Analyst III	456	\$9,029
Administrative Office Support Assistant	30	\$414
Revenue Manager	1,288	\$26,520
Total	6,342	\$118,879

Oversight assumes DOR may hire additional staff due to the amount of hours required to implement this legislation. However, DOR also may handle this internal work without seeking additional appropriation authority. Oversight assumes DOR may hire additional FTE to staff for the positions listed above that are anticipated to need over 2,080 hours of work (full-time employee) or 1,040 hours of work (half-time employee). There are four positions that will require more than 1,040 hours; therefore, Oversight will range the fiscal impact to DOR from \$0 (work hours specified above will be handled by existing staff with no actual additional state expenditures) to an additional 4 FTE for FY 2020 (\$215,518) only.

ASSUMPTION (continued)

Oversight notes there are several sections within this legislation that will require OA-ITSD services. Oversight has summarized the OA-ITSD costs in the table below. For simplicity purposes, Oversight will reflect the OA-ITSD costs to the General Revenue Fund as one line item.

Section Number(s)	Estimated OA-ITSD Hours	Estimated OA-ITSD Cost	Page Numbers
§§144.070 & 301.032	1,134	\$85,050	p. 3
§§301.020, 301.191 & 307.350	1,240	\$92,988	p. 11
§§302.170, 302.720 & 302.768	1,647	\$123,525	p. 13
§§304.580, 304.585 & 304.894	1,700	\$127,494	p. 17
	5,721	\$429,057	

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed to various systems. Independently, ITSD estimated the projects would take 5,721 hours at a contract rate of \$75 per hour for a total cost to the state of \$429,057. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire three additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$429,057) to hiring three additional FTE IT Specialists (roughly \$80,000 per year).

Oversight notes approximately 5,721 hours will be required for OA-ITSD services in FY 2020 for this legislation. Oversight assumes this will equate to approximately 2.75 staff (rounded up to 3 staff for simplicity purposes); therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$429,057) to hiring three additional FTE IT Specialists (approximately \$240,000).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
Cost - DOR - Administrative costs (ranged from using existing staff to hiring four (4) additional FTE for FY 2020) p. 20	\$0 or (\$215,518)	\$0	\$0
Total FTE Change - DOR	0 or 4 FTE	0 FTE	0 FTE
<u>Cost</u> - DOR - ITSD costs (ranged from contracting out programming (\$429,057) to hiring three (3) additional FTE IT Specialists) p. 21	(\$199,895) to (\$429,057)	\$0 to (\$241,895)	\$0 to (\$243,936)
Total FTE Change - ITSD	0 or 3 FTE	0 or 3 FTE	0 or 3 FTE
<u>Cost</u> - DOR - §302.720.6 - CDL third- party testing program p. 13			
Personal Services	(\$31,920)	(\$38,687)	(\$39,074)
Fringe Benefits	(\$20,236)	(\$24,400)	(\$24,518)
Expense and Equipment	(\$8,850)	(\$491)	(\$503)
<u>Total Costs</u> - DOR	<u>(\$61,006)</u>	<u>(\$63,578)</u>	<u>(\$64,095)</u>
Total FTE Change - DOR	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$260,901) to</u> <u>(\$705,581)</u>	<u>(\$63,578) to</u> <u>(\$305,473)</u>	<u>(\$64,095) to</u> <u>(\$308,031)</u>
Estimated Net FTE Change for the General Revenue Fund	1 or 8 FTE	1 or 4 FTE	1 or 4 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022
HIGHWAY FUND			
<u>Revenue</u> - (\$144.070) Potential of up to 673 lease rental companies paying \$250 annual fee p. 4-6	Up to \$105,156	Up to \$126,187	Up to \$126,187
<u>Revenue</u> - (\$301.032) Increased per plate fees for lease rental companies (ranged from \$24 passenger vehicle registration fee to \$46 truck registration fee) p. 4-6	(\$105,000) to \$87,500	(\$126,000) to \$105,000	(\$126,000) to \$105,000
<u>Revenue</u> - \$302.720 Increase in commercial permit fees p. 6-7	\$57,803	\$69,364	\$69,364
<u>Revenue</u> - (\$301.191) MHP - increased fee for homemade trailer inspections p. 9	Up to \$59,753	Up to \$119,505	Up to \$119,505
<u>Savings</u> - (\$307.350) MHP - reduction of Motor Vehicle Inspection program (personal services + fringe benefits) p. 8, 10	\$0 to \$213,727	\$0 to \$427,454	\$0 to \$427,454
FTE Change - MHP	(0 to 7 FTE)	(0 to 7 FTE)	(0 to 7 FTE)
<u>Cost</u> - MHP p. 15-16			
Personal Services	(\$191,520)	(\$232,122)	(\$234,443)
Fringe Benefits	(\$170,932)	(\$207,169)	(\$209,240)
Expense and Equipment	<u>(\$17,800)</u>	<u>(\$15,990)</u>	<u>(\$16,390)</u>
<u>Total Costs</u> - MHP	(\$380,252)	(\$455,281)	(\$460,073)
Total FTE Change - MHP	6 FTE	6 FTE	6 FTE
<u>Loss</u> - \$302.720 Decrease in renewal of commercial learners' permits p. 15	<u>(\$5,844)</u>	<u>(\$7,013)</u>	<u>(\$7,013)</u>
<u>Loss</u> - (\$307.350) MHP - inspection fees p. 7-10	(More than \$287,514 to <u>\$610,052</u>)	(More than \$575,028 to <u>\$1,220,103</u>)	(More than \$575,028 to <u>\$1,220,103</u>)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	(\$149,671 to <u>\$878,436</u>)	(\$189,812 to <u>\$1,493,341</u>)	(\$194,604 to <u>\$1,498,133</u>)
Estimated Net FTE Change for the Highway Fund	(1) to 6 FTE	(1) to 6 FTE	(1) to 6 FTE
HIGHWAY PATROL INSPECTION FUND			
<u>Loss</u> - (\$307.350) MHP - inspection fees p. 7-10	(More than \$143,757 to <u>\$294,289</u>)	(More than \$287,514 to <u>\$588,578</u>)	(More than \$287,514 to <u>\$588,578</u>)
ESTIMATED NET EFFECT ON THE HIGHWAY PATROL INSPECTION FUND	(More than \$143,757 to <u>\$294,289</u>)	(More than \$287,514 to <u>\$588,578</u>)	(More than \$287,514 to <u>\$588,578</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Cities (15%) - \$144.070 - Potential of up to 673 lease rental companies paying \$250 annual fee p. 4-6	Up to \$21,031	Up to \$25,238	Up to \$25,238
<u>Revenue</u> - Counties (10%) - \$144.070 Potential of up to 673 lease rental companies paying \$250 annual fee p. 4-6	Up to \$14,022	Up to \$16,825	Up to \$16,825
<u>Revenue</u> - Cities (15%) - \$301.032 - Increased per plate fees for lease rental companies (ranged from \$24 passenger vehicle registration fee to \$46 truck registration fee) p. 4-6	(\$21,000) to \$17,500	(\$25,200) to \$21,000	(\$25,200) to \$21,000

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<u>Revenue</u> - Counties (10%) - §301.032 - Increased per plate fees for lease rental companies (ranged from \$24 passenger vehicle registration fee to \$46 truck registration fee) p. 4-6	(\$14,000) to \$11,667	(\$16,800) to \$14,000	(\$16,800) to \$14,000
<u>Revenue</u> - Cities (15%) - §302.720 Increase in commercial permit fees p. 15	\$11,561	\$13,873	\$13,873
<u>Revenue</u> - Counties (10%) - §302.720 Increase in commercial permit fees p. 15	\$7,707	\$9,249	\$9,249
<u>Revenue</u> - Sheriffs - increased fee for homemade trailer inspections p. 9	Up to \$59,753	Up to \$119,505	Up to \$119,505
<u>Loss</u> - Cities (15%) - §302.720 Decrease in renewal of commercial learners' permits p. 15	(\$1,169)	(\$1,401)	(\$1,401)
<u>Loss</u> - Counties (10%) - §302.720 Decrease in renewal of commercial learners' permits p. 15	<u>(\$779)</u>	<u>(\$935)</u>	<u>(\$935)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$77,126 to <u>\$141,293</u>	\$140,354 to <u>\$217,354</u>	\$140,354 to <u>\$217,354</u>

FISCAL IMPACT - Small Business

The overall impact to small business is unknown. The mandate to complete FMCSA-approved CDL entry-level driver training will increase costs for businesses requirements for CDL operators. The newly required training may also result in increased revenue for new or current CDL training programs since all new and upgrading CDL applicants would now be required to attend a formal training program to become eligible for CDL skills testing and licensing.

FISCAL IMPACT - Small Business (continued)

The proposed changes in §302.720.1 may result in a loss of license office agent fees of a combined total of \$4,675 (total statewide) due to the change in commercial permit issuance terms, thus prohibiting permit renewal.

The proposed changes in §302.768 may result in a loss of license agent fees statewide. Based on the FY 2018 statistics for medical certificate update transactions completed, and the \$2 agent processing fee currently collected, contract license offices may lose a combined total of approximately \$167,868 since drivers' information would be received electronically, thus eliminating the requirement for an applicant to return to the license office to update the medical certificate information.

Due to the repeal of certain motor vehicle inspections, there could be a fiscal impact to small businesses that conduct vehicle inspections.

FISCAL DESCRIPTION

This act enacts provisions relating to licenses to operate motor vehicles and provisions related to motor vehicle inspections.

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

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation
Department of Public Safety - Missouri Highway Patrol
Department of Natural Resources
Office of the Secretary of State
Joint Committee on Administrative Rules



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L.R. No. 0253-04

Bill No. Truly Agreed To and Finally Passed SCS for SB 89

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Director

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Assistant Director

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