

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0323H.04T
 Bill No.: Truly Agreed To and Finally Passed HCS for SCS for SB 49
 Subject: Transportation; Boats and Watercraft
 Type: Original
 Date: June 1, 2021

Bill Summary: This proposal modifies provisions relating to public safety.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$194,751)	(\$32,365)	(\$32,799)
Total Estimated Net Effect on General Revenue	(\$194,751)	(\$32,365)	(\$32,799)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Colleges and Universities	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Water Patrol Fund (0400)*	More or less than \$5,054,146	More or less than \$6,295,145	More or less than \$5,904,940
Total Estimated Net Effect on <u>Other</u> State Funds	More or less than \$5,054,146	More or less than \$6,295,145	More or less than \$5,904,940

***Oversight** assumes starting in FY 2025, there could be a reduction in the number of registrations resulting in a potential loss in revenue to the Water Patrol Fund. With the optional permanent registration fee being three times the current fee, the State will not realize a potential overall loss of funding for nine to eleven years. Oversight used the assumption that 50 percent of all boat renewals will chose this new option. The percentage of registrations that utilize this option could vary substantially from this estimate, therefore the “More or Less than”.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	0.50 FTE	0.50 FTE	0.50 FTE
Total Estimated Net Effect on FTE	0.50 FTE	0.50 FTE	0.50 FTE

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

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 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§301.550 – Boat dealer licensing

Officials from the **Department of Revenue (DOR)** state this impact will result in an exemption from the minimum sales requirements for boat dealers who manufacture a certain type of boat. This will result in an unknown but minimal impact due to possible system updates. At the due date of this fiscal note, the impact is unknown, but the Department believes the impact will be minimal.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero (absorbable) impact in the fiscal note for this section.

§306.030 – Watercraft registration and licensing

DOR states the proposed language establishes a permanent registration option for vessels and watercraft titled in Missouri and three times any processing fee applicable to a three-year certificate of number for the vessel.

Below are the proposed fees associated to permanent registrations:

		<u>Current three-year fee</u>	<u>Proposed permanent fee</u>
Length	< 16 feet	\$25.00	\$75.00
	> 16 feet & < 26 feet	\$55.00	\$165.00
	> 26 feet & < 40 feet	\$100.00	\$300.00
	> 40 feet	\$150.00	\$450.00

Administrative Impact

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

- Update internal procedures, forms, and Department website;
- Update the Missouri Titling Manual;
- Implement identified system changes and conduct UAT testing;
- Train Staff

FY 2022 – Motor Vehicle Bureau

Lead Administrative Support Assistant	10 hrs. @ \$14.54 per hr.	=	\$145
Research /Data Assistant	35 hrs. @ \$15.49 per hr.	=	\$542
Associate Research/Data Analyst	470 hrs. @ \$18.50 per hr.	=	\$8,695

Research/Data Analyst	118 hrs. @ \$23.09 per hr.	=	\$2,725
Administrative Manager	59 hrs. @ \$21.56 per hr.	=	\$1,273

FY 2022 – Strategy and Communications Office

Associate Research/Data Analyst	40 hrs. @ \$18.50 per hr.	=	\$740
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Total Costs = **\$14,120**

The Department anticipates being able to absorb the above listed administrative costs. If multiple bills pass which require Department resources, FTE may be requested through the appropriations process.

The Department does not have an estimated cost for the design of a permanent boat decal at this time. The Department anticipates being able to absorb the cost associated to the new design and implementation.

ISTD Impact

DOR notes OA-ITSD services will be required at a cost of \$165,494 in FY 2022 (1,742.04 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 they are unable to estimate the number of owners that will elect to obtain a permanent registration for their vessel or watercraft.

For the purpose of this response, the Department assumes that 50% of owners will elect the permanent registration instead of the current 3-year registration for their vessel or watercraft.

Current and proposed registration fees

		Current three-year fee	Proposed permanent fee
Length	< 16 feet	\$25.00	\$75.00
	> 16 feet & < 26 feet	\$55.00	\$165.00
	> 26 feet & < 40 feet	\$100.00	\$300.00
	> 40 feet	\$150.00	\$450.00

Estimated Revenue Collected

FY 2022 Expiration (10/12 of a full year)				
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	25,391	\$634,775	\$317,388	\$793,469
>16 feet & < 28 feet	54,866	\$3,017,630	\$1,508,815	\$3,772,038
>28 feet & < 40 feet	5,486	\$548,600	\$274,300	\$685,750
>40 feet	472	\$70,800	\$35,400	\$88,500
Total	86,215	\$4,271,805	\$2,135,903	\$5,339,757

FY 2023 Expiration				
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	26,672	\$666,800	\$333,400	\$1,000,200
>16 feet & < 28 feet	58,735	\$3,230,425	\$1,615,213	\$4,845,638
>28 feet & < 40 feet	5,359	\$535,900	\$267,950	\$803,850
>40 feet	459	\$68,850	\$34,425	\$103,275
Total	91,225	\$4,501,975	\$2,250,988	\$6,752,963

FY 2024 Expiration				
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	25,078	\$626,950	\$313,475	\$940,425
>16 feet & < 28 feet	52,474	\$2,886,070	\$1,443,035	\$4,329,105
>28 feet & < 40 feet	5,197	\$519,700	\$259,850	\$779,550
>40 feet	527	\$79,050	\$39,525	\$118,575
Total	83,276	\$4,111,770	\$2,055,885	\$6,167,655

Average New Registrations				
Length	Average New Registrations From Previous 3 Years	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration
< 16 feet	11,474	\$286,850	\$143,425	\$430,275
>16 feet & < 28 feet	23,174	\$1,274,570	\$637,285	\$1,911,855
>28 feet & < 40 feet	1,413	\$141,300	\$70,650	\$211,950
>40 feet	603	\$90,450	\$45,225	\$135,675
Total	36,664	\$1,793,170	\$896,585	\$2,689,755

*FY 2024 numbers are based on FY 2021 registrations that are set to expire in June 2021.

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

Oversight notes the following increases in revenue:

FY 2022 Expiration (10/12 of a full year)					
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration	Increase in Revenue
< 16 feet	25,391	\$634,775	\$317,388	\$952,163	\$528,979
>16 feet & < 28 feet	54,866	\$3,017,630	\$1,508,815	\$4,526,445	\$2,514,692
>28 feet & < 40 feet	5,486	\$548,600	\$274,300	\$822,900	\$457,167
>40 feet	472	\$70,800	\$35,400	\$106,200	\$59,000
Total	86,215	\$4,271,805	\$2,135,903	\$6,407,708	\$3,559,838

FY 2023 Expiration					
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration	Increase in Revenue
< 16 feet	26,672	\$666,800	\$333,400	\$1,000,200	\$666,800
>16 feet & < 28 feet	58,735	\$3,230,425	\$1,615,213	\$4,845,638	\$3,230,425
>28 feet & < 40 feet	5,359	\$535,900	\$267,950	\$803,850	\$535,900
>40 feet	459	\$68,850	\$34,425	\$103,275	\$68,850
Total	91,225	\$4,501,975	\$2,250,988	\$6,752,963	\$4,501,975

FY 2024 Expiration					
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration	Increase in Revenue
< 16 feet	25,078	\$626,950	\$313,475	\$940,425	\$626,950
>16 feet & < 28 feet	52,474	\$2,886,070	\$1,443,035	\$4,329,105	\$2,886,070
>28 feet & < 40 feet	5,197	\$519,700	\$259,850	\$779,550	\$519,700
>40 feet	527	\$79,050	\$39,525	\$118,575	\$79,050
Total	83,276	\$4,111,770	\$2,055,885	\$6,167,655	\$4,111,770

Average New Registrations					
Length	Current Total Registrations	Current 3-Year Renewal	If 50% Elect for 3-Year Renewal	If 50% Elect for Permanent Registration	Increase in Revenue
< 16 feet	11,474	\$286,850	\$143,425	\$430,275	\$286,850
>16 feet & < 28 feet	23,174	\$1,274,570	\$637,285	\$1,911,855	\$1,274,570
>28 feet & < 40 feet	1,413	\$141,300	\$70,650	\$211,950	\$141,300
>40 feet	603	\$90,450	\$45,225	\$135,675	\$90,450
Total	36,664	\$1,793,170	\$896,585	\$2,689,755	\$1,793,170

DOR states while the Department will see an increase in revenue for FY 2022, FY 2023, and FY 2024, as a result of the increased fees for permanent registrations, the Department anticipates a decrease in revenue for all subsequent fiscal years. This decrease will negatively impact the Water Patrol Division Fund.

Oversight notes the increase in revenue each fiscal year plus the average new registration revenue will be more or less than:

FY 2022 - \$3,559,838 + 1,494,308 = \$5,054,146

FY 2023 - \$4,501,975 + 1,793,170 = \$6,295,145

FY 2024 - \$4,111,770 + 1,793,170 = \$5,904,940

Oversight notes moneys collected under §306.030, RSMo, are deposited into the Water Patrol Division Fund (0400), after the first \$1 million collected is deposited into General Revenue. Oversight assumes General Revenue revenues will not be impacted by this additional up-front permanent registration fee option.

Oversight notes there was a \$4,360,541 balance in the Water Patrol Division Fund (0400) as of March 31, 2021.

Oversight assumes an increase in boat registration fees for the first several years after implementation and a potential decrease in fees collected in the long-term. However, because permanent certificates cannot be transferred to any other person or vessel, or displayed on any vessel other than the vessel it was issued, if a boat is sold, a new boat registration will have to be obtained. Oversight notes according to §306.030, beginning July 1, 2019, the first one million dollars collected annually shall be deposited into the state General Revenue Fund. All fees collected under the provisions of §306.030 in excess of one million dollars annually shall be deposited in the Water Patrol Division Fund and shall be used exclusively for the Water Patrol Division.

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal will increase TSR and may impact the calculation under Article X, Section 18(e) by increasing watercraft certification and processing fees by three times the current rate of specified vessels. B&P defers to the DOR for an estimate of increased revenues.

§306.221 – Watercraft

Oversight notes that any violation of this section will result in an infraction. According to the Office of State Courts Administrator's Charges by Guilty Disposition report, 35 citations resulting in an infraction were issued under Chapter 306 in FY 2019; and 173 citations were issued in FY 2020, (and 1 in FY 2018). Fine revenue for the ticket goes to local school funds and courts costs go to various state and local funds. Oversight notes that violations resulting in fines could vary widely from year to year and assumes the amount of fine revenue collected for this new charge will not be material. Therefore, for fiscal note purposes, Oversight will assume no material fiscal impact.

Below are examples of some of the state and local funds which court costs are distributed to.

Fee/Fund Name	Fee Amount
Basic Civil Legal Services Fund	\$8.00
Clerk Fee	\$15.00 (\$12 State/\$3 County)
County Fee	\$25.00
State Court Automation Fund	\$7.00
Crime Victims' Compensation Fund	\$7.50
DNA Profiling Analysis Fund	\$15.00
Peace Officer Standards and Training (POST) Fund	\$1.00
Sheriff's Retirement Fund	\$3.00
Motorcycle Safety Trust Fund	\$1.00
Brain Injury Fund	\$2.00
Independent Living Center Fund	\$1.00
Sheriff's Fee	\$10.00 (County)
Prosecuting Attorney and Circuit Attorney Training Fund	\$4.00
Prosecuting Attorney Training Fund	\$1.00 (\$0.50 State/\$0.50 County)
Spinal Cord Injury Fund	\$2.00

In response to a previous version (Perfected SCS SB 49), officials from **Boone County** assumed 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 this agency.

§650.125 – Missouri Cybersecurity Commission

Officials from the **Department of Public Safety - Office of the Director (DPS)** state based on administrative support currently provided for similar boards and claims processing, the department would need an additional half-time (0.50) Program Specialist at a salary of \$23,085 plus fringe benefits in Personal Services. This estimate is based on the annual pay rate of existing staff performing similar duties. In addition to Personal Services, it is anticipated there will be costs of the reimbursable expenses incurred by the commission. It is estimated the commission would incur the following expenses:

Mileage (Average of 60 miles/12 persons x \$0.43/mile)	\$310/per meeting
Development, printing, publication and distribution costs	\$5,000/year

It is unknown how many meetings would be needed in order to provide the report of recommendations. Therefore, the total cost is unknown.

Oversight notes the provisions of this bill state the commission shall meet at least quarterly and at all other times as the chair deems necessary. Therefore, Oversight will reflect DPS's fiscal impact; however, Oversight assumes the 0.50 FTE would not be provided fringe benefits and the state would only pay Social Security and Medicare benefits of 7.65 percent. In addition, Oversight assumes DPS would not need additional rental space for 0.50 FTE.

Officials from the **Office of Administration – Information Technology (OA/ITSD)** state it is possible help from OA/ITSD may be needed for gathering information for quarterly meetings for the evaluations. OA/ITSD estimates it would take one day of work per quarter for gathering this information at a cost of \$3,283 annually.

Oversight assumes OA/ITSD is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA/ITSD could absorb the costs related to this proposal.

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal may impact General Revenue (GR) to the extent that appropriations are made for any expenses of the proposed Missouri Cybersecurity Commission.

Officials from the **University of Central Missouri** assume the potential for a minimal fiscal impact with increased expenses but an indeterminate amount.

Oversight notes the unknown impact for the University of Central Missouri and is unable to project a statewide cost; therefore, the impact to colleges and universities will be presented as \$0 to (Unknown).

In response to a previous version (HB 1204), officials from **State Technical College of Missouri** assumed 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 this agency.

Bill as a Whole

Officials from the **Attorney General's Office**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Public Safety – (Missouri Highway Patrol, Missouri National Guard and State Emergency Management Agency)**, the **Missouri Department of Transportation**, the **Office of the Governor**, the **Office of the State Courts Administrator**, the **City of Claycomo**, the **City of Corder**, the **City of Kansas City**, the **City of O'Fallon**, the **City of Springfield**, the **City of St. Louis**, **Missouri State University**, and **Northwest Missouri State University** 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.

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Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties, schools, and colleges and universities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Costs – DOR</u> (§306.030) OA/ITSD services p. 4	(\$165,494)	\$0	\$0
<u>Costs – DPS</u> (§650.125) Missouri Cybersecurity Commission p. 9-10			
Personal services	(\$19,238)	(\$23,316)	(\$23,550)
Fringe benefits	(\$1,472)	(\$1,784)	(\$1,802)
Equipment and expense	(\$3,348)	(\$871)	(\$893)
Printing and mileage	(\$5,199)	(\$6,394)	(\$6,554)
<u>Total Costs – DPS</u>	<u>(\$29,257)</u>	<u>(\$32,365)</u>	<u>(\$32,799)</u>
FTE Change – DPS	0.50 FTE	0.50 FTE	0.50 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$194,751)</u>	<u>(\$32,365)</u>	<u>(\$32,799)</u>
Estimated Net FTE Change to the General Revenue Fund	0.50 FTE	0.50 FTE	0.50 FTE
<u>FISCAL IMPACT – State Government</u> (continued)	FY 2022 (10 Mo.)	FY 2023	FY 2024
COLLEGE & UNIVERSITY FUNDS			

<u>Costs</u> – College and University (\$650.125) Increase in operational costs p. 10	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
ESTIMATED NET EFFECT ON COLLEGE & UNIVERSITY FUNDS	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
WATER PATROL FUND (0400)			
<u>Revenue</u> – MHP (\$306.030) Fees for permanent certificates p. 7	<u>More or less than</u> <u>\$5,054,146</u>	<u>More or less than</u> <u>\$6,295,145</u>	<u>More or less than</u> <u>\$5,904,940</u>
ESTIMATED NET EFFECT ON THE WATER PATROL FUND	<u>More or less than</u> <u>\$5,054,146</u>	<u>More or less than</u> <u>\$6,295,145</u>	<u>More or less than</u> <u>\$5,904,940</u>

<u>FISCAL IMPACT</u> – <u>Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses that own several boats may experience a potential increase of revenue if they only have to pay registration fees once during their period of ownership.

Officials from the **Department of Revenue (DOR)** state license offices will see a short-term increase in processing fees due to the increased processing fees they will be authorized to charge.

Small boat manufacturers and dealerships could be impacted as a result of this proposal. (Section 301.550)

FISCAL DESCRIPTION

PERMANENT VESSEL REGISTRATION (Section 306.030)

This act provides that vessels may be issued a permanent certificate of number upon payment of 3 times the amount required for a 3-year certificate of number and 3 times any processing fee applicable to a 3-year certificate of number. Permanent certificates of number shall not be transferred to any other person or vessel, or displayed on any vessel other than the vessel for which it was issued, and shall continue in force and effect until terminated or discontinued as provided by law.

MISSOURI CYBERSECURITY ACT (Section 650.125)

This act establishes the "Missouri Cybersecurity Commission" within the Department of Public Safety for the purpose of identifying risk to state and critical infrastructure with regard to cyber attacks. The commission shall be funded by appropriation, and any expenditure constituting more than 10% of the commission's annual appropriation shall be based on a competitive bid process. The commission shall advise the Governor on the state of cybersecurity in the state, obtain data from certain public entities specified in the act, and make recommendations to reduce the state's risk of cyber attack. The commission shall present an annual report to the Governor by December 31st of each year, which shall be held confidential.

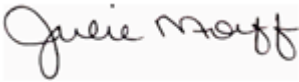
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

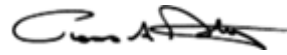
Attorney General's Office
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Public Safety
Department of Revenue
Missouri Department of Transportation
Office of Administration
Office of Administration - Budget and Planning
Office of the Governor
Office of the State Courts Administrator
Boone County
City of Claycomo
City of Corder
City of Kansas City

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City of O'Fallon
City of Springfield
City of St. Louis
Missouri State University
Northwest Missouri State University
State Technical College of Missouri
University of Central Missouri



Julie Morff
Director
June 1, 2021



Ross Strobe
Assistant Director
June 1, 2021