

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0514S.01I
Bill No.: SB 164
Subject: Civil Penalties; Courts; Crimes and Punishment; Fees; Licenses - Driver's; Motor Vehicles; Revenue, Department of; Transportation
Type: Original
Date: February 26, 2021

Bill Summary: This proposal modifies provisions relating to driver's license suspensions for traffic violations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$187,697)	(\$122,407)	(\$123,824)
Total Estimated Net Effect on General Revenue	(\$187,697)	(\$122,407)	(\$123,824)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Highway Fund	\$206,340	\$247,605	\$247,605
Total Estimated Net Effect on <u>Other</u> State Funds	\$206,340	\$247,605	\$247,605

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	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$68,780	\$82,535	\$82,535

FISCAL ANALYSIS

ASSUMPTION

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

Administrative Impact - Driver License Bureau (DLB)

Currently, the Department processes Instate Failure to Appear (FACT) suspensions from State courts for major and minor traffic violations, and for county and municipal courts for major violations. The Department can process suspensions on minor violations, if the following occur:

- If the violation occurred in a Commercial Motor Vehicle (CMV);
- The driver is a Commercial Driver License holder (CDL);
- The violation occurred in a school or construction zone;
- If the driver is involved in an accident or accident with injury.

Prior to the passage of Senate Bill 5 in 2015, the Department was able to process FACT suspensions from all courts for both major and minor traffic violations; therefore, the following statistics are available showing the decreased volume of suspensions processed by the law change and the Municipal Court practices revised by the Missouri Supreme Court ruling.

FY 2015: 119,141 FACT suspensions processed by the Department
77,281 FACT compliances processed by the Department

FY 2016: 60,460 FACT suspensions processed by the Department
44,651 FACT compliances processed by the Department

FY 2017: 41,405 FACT suspensions processed by the Department
28,544 FACT compliances processed by the Department

FY 2018: 38,249 FACT suspensions processed by the Department
27,975 FACT compliances processed by the Department

FY 2019: 39,108 FACT suspensions processed by the Department
25,562 FACT compliances processed by the Department

The suspensions processed decreased from:

FY 2015 to FY 2019 at 67% ($119,141 - 39,108 = 80,033$, $80,033 / 119,141 = 67\%$).

The compliances processed decreased from:
FY 2015 to FY 2019 at 67% ($77,281 - 25,562 = 51,719$, $51,719 / 77,281 = 67\%$).

The Department presumes that suspensions and compliances will increase by 67%

FY2022: 65,310 FACT suspensions ($39,108 + 26,202$ (67% of 39,108) = 65,310)
42,689 FACT compliances ($25,562 + 17,127$ (67% of 25,562) = 42,689)

FTE Requirements

The Driver License Bureau will require additional FTE's to process suspensions, compliances, and perform other related processes.

26,202	Additional FACT suspensions received annually
/ 252	Work days per year
104	Additional suspension notices received daily
/ 440	# of documents a RPT I can process daily
0.24	= .24 FTE needed to process additional suspensions

17,127	Additional FACT compliances received annually
/ 252	Work days per year
68	Additional compliance notices received daily
/ 440	# of documents a RPT I can process daily
0.15	= .15 FTE needed to process additional suspension

Telephone Inquiries

A telephone operator is expected to process 100 telephone inquiries daily.

26,202	Additional FACT Suspension received annually
x 90%	Percent which will generate telephone inquiries
23,582	Telephone inquiries received per year
/ 252	work days per year
94	Telephone inquiries received per day
/ 100	Telephone inquiries processed per day
0.94	= 0.94 FTE needed to answer telephone inquiries

Returned Mail

Prior statistics show approximately 33% of suspension notices issued will be returned to DLB undeliverable by the postal authorities due to no current address. This will require data entry by a processing technician and preparation of documents for document imaging post data entry.

26,202	Additional FACT Suspension received annually
x 33%	Percent of notices returned by post office
8,647	Additional returned mail received annually
/ 252	Work days per year
34	Returned mail received per day
/ 440	Documents processed per day
0.08	= 0.08 FTE needed to process returned mail

Written Correspondence

It is estimated that 5% of the suspensions will result in written correspondence to the Department from the individuals receiving the notice. This will require staff to research the issues presented in the correspondence and prepare a written response. A processing technician is expected to research and prepare 30 written responses received daily. It is assumed they can be handled by the FTE estimated below.

26,202	Additional FACT Suspension received annually
x 5%	Percent which will generate written correspondence
1,310	Written correspondence received per year
/ 252	Work days per year
5	Written correspondence received per day
/ 30	Written responses prepared per day
0.17	= 0.17 FTE needed to process correspondence

Reinstatements

Based on FY 2019 statistics, the Department estimates that 63% of those individuals who are suspended will submit their reinstatement requirements in order to reinstate their driving privilege. The Department assumes the same rate for this program. A processing technician is expected to process 440 documents daily and another processing technician is expected to process 346 reinstatement fees daily.

Same-day service for Statewide Reinstatements:

26,202	Additional FACT Suspension received annually
x 63%	Percent submitting reinstatement requirements
16,507	Reinstatement filings received per year
/ 252	Work days per year
66	Reinstatements received daily
/ 440	Reinstatements processed daily
0.15	= 0.15 FTE needed to process reinstatements collected.

Note: Processing FACT suspensions (.24 FTE), processing FACT compliances (.15 FTE), answering telephone inquiries .94 FTE), processing returned mail (.08 FTE), processing written

correspondence (.17 FTE), processing reinstatement walk-ins (.15 FTE) functions equal **1.73 FTE which would be rounded to two (2) FTE.**

Total of 2 Associate Customer Service Rep. (G2)

FY 2022: \$21,500 (10 months) x 2 FTEs = \$43,020

FY 2023: \$26,070 yearly salary x 2 FTEs = \$52,140

FY 2024: \$26,331 yearly salary x 2 FTEs = \$52,662

Increased Postage, Envelope, & Printing Costs

First Class Mail Costs:

- Suspension notices = 26,202 per year
- Reinstatement notices = 16,507 per year
- Correspondence letters = 1,310 per year
 - Total pieces of mail = 44,019 per year (26,202 + 16,507 + 1,310 = 44,019)

FY 2022: 44,019/12 mos. = 3,668 x 10 mos. = 36,680 pieces of mail in the first year after bill passage x \$0.55 = \$20,175 first class postage cost

FY 2023: = \$24,816 first class postage cost

FY 2024: = \$25,436 first class postage cost

Envelope Costs:

- Total envelopes = 44,019 per year

FY 2022 44,019 /12 mos. = 3,668 x 10 mos. = 36,680 envelopes in the first year after bill passage x \$0.07 = \$2,568 envelope cost

FY 2023: = \$3,158 envelope cost

FY 2024: = \$3,237 envelope cost

Letter printing cost

- 44,019 letters per year

FY 2022: 44,019 /12 mos. = 3,668 x 10 mos. = 36,680 pieces of mail in the first year after bill passage x \$0.096 per 1,000 = \$3.70 (37,000/1000 = 37 x \$0.10 printing cost)

FY 2023: = \$4.00 printing cost

FY 2024: = \$4.00 printing cost

Total Postage, Envelope, Printing Costs:

FY 2022 \$20,175 (1st class) + \$2,576(envelopes) + \$3.70 (printing) = **\$22,746**

FY 2023: \$24,816 (1st class) + \$2,256 (envelopes) + \$4.00 (printing) = **\$27,978**

FY 2024: \$25,436 (1st class) + \$2,312 (envelopes) + \$4.00 (printing) = **\$28,677**

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

DOR notes OA-ITSD services will be required at a cost of **\$84,132** in FY 2021 (885.60 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 – DLB

Based on FY 2019 statistics, the Department estimates that 63% of those individuals who are suspended will submit the reinstatement fee. The Department assumes the same rate for this program. This will result in 16,507 reinstatement fees collected annually.

The reinstatement fee for an Instate Failure to Appear Suspension is \$20.

Total Increase in reinstatement fees collected annually = **\$330,140** (16,507 x \$20 reinstatement fee)

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

FY 2022

\$330,140	Increase in reinstatement fees collected annually
/ 12	Number of months in a year
\$27,512	Increase in reinstatement fees collected monthly
x 10	Number of months in first year after bill passage
\$275,120	Increase in reinstatement fees collected in first year after bill passage

\$275,120 x 75% = \$206,340 – Highway Fund

\$275,120 x 15% = \$41,268 – Cities

\$275,120 x 10% = \$27,512 – Counties

FY 2023

\$330,140 x 75% = \$247,605 – Highway Fund

\$330,140 x 15% = \$49,521 – Cities

\$330,140 x 10% = \$33,014 – Counties

FY 2024

\$330,140 x 75% = \$247,605 – Highway Fund

\$330,140 x 15% = \$49,521 – Cities

\$330,140 x 10% = \$33,014 – Counties

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

Officials from the **Missouri Department of Transportation, Missouri Highway Patrol and 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Cost – DOR</u>			
Personal Services	(\$43,020)	(\$52,140)	(\$52,662)
Fringe Benefits	(\$34,419)	(\$41,477)	(\$41,653)
Expense and Equipment	<u>(\$3,380)</u>	<u>(\$812)</u>	<u>(\$832)</u>
<u>Total Costs – DOR</u>	(\$80,819)	(\$94,429)	(\$95,147)
FTE Change – DOR	2 FTE	2 FTE	2 FTE
<u>Cost – DOR – postage/mailling supplies</u>	(\$22,746)	(\$27,978)	(\$28,677)
<u>Cost – DOR – OA- ITSD services</u>	<u>(\$84,132)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$187,697)</u>	<u>(\$122,407)</u>	<u>(\$123,824)</u>
Estimated Net FTE Change to the General Revenue Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
HIGHWAY FUND			
<u>Revenue</u> – increased reinstatement fees	<u>\$206,340</u>	<u>\$247,605</u>	<u>\$247,605</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$206,340</u>	<u>\$247,605</u>	<u>\$247,605</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> – Cities (15%) – increased reinstatement fees	\$41,268	\$49,521	\$49,521
<u>Revenue</u> – Counties (10%) – increased reinstatement fees	<u>\$27,512</u>	<u>\$33,014</u>	<u>\$33,014</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$68,780</u>	<u>\$82,535</u>	<u>\$82,535</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, if a Missouri resident charged with a moving traffic violation, other than a minor traffic violation as defined by law, fails to resolve the charges prior to trial as provided by law and fails to appear in court, or without good cause fails to pay fines and court costs or adhere to

an approved installment plan, the court shall notify the person by mail that the court will order the Director of the Department of Revenue to suspend their driver's license if the charges are not resolved within 30 days. Thereafter, if the person does not timely resolve the charges, the court shall notify the Department of Revenue and the Department shall suspend the driver's license immediately and notify the driver. The suspension shall remain in effect as provided by law. (Section 302.341).

This act specifies that the court may, rather than shall, order the Department of Revenue to suspend the defendant's license. The act also repeals an obsolete reference to a former bureau within the Department of Revenue. (Section 302.341.1).

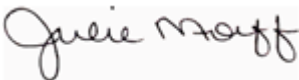
Furthermore, this act permits the same suspension process for minor traffic violations, except that with regard to suspensions for failure to appear, it requires that the defendant have failed to appear in court twice rather than once. (Section 302.341.3).

Where a defendant is charged exclusively with minor traffic violations, any suspension under the act shall be accompanied by the issuance of a limited driving privilege, as provided by law, unless the defendant is found by the Department of Revenue to be ineligible. (Section 301.341.4).

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
Missouri Department of Transportation
Missouri Highway Patrol
Office of the State Courts Administrator



Julie Morff
Director
February 26, 2021



Ross Strobe
Assistant Director
February 26, 2021