

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5535S.07S
Bill No.: CCS for HCS for SB 1020
Subject: Air Quality; Fees; Highway Patrol; Licenses - Driver's; Licenses - Motor Vehicle;
Liens; Motor Vehicles; Department of Revenue; Transportation; Department of
Transportation
Type: Original
Date: May 14, 2026

Bill Summary: This proposal modifies provisions relating to the Department of Revenue.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(\$521,330)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$521,330)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Conservation Commission Fund (1609)	Unknown	Unknown	Unknown
Parks, Soils and Water Fund (1613 & 1614)	Unknown	Unknown	Unknown
School District Trust Fund (1688)	Unknown	Unknown	Unknown
State Road Bond Fund (1319)	Unknown	Unknown	Unknown
State Road Fund (1320)	Unknown	Unknown	Unknown
Highway Fund (1644)	\$37,761,499	\$37,597,556	\$34,125,350
Highway Patrol Inspection Fund (1297)	(\$666,667)	(\$800,000)	(\$800,000)
Missouri Air Emission Reduction Fund (1267)	\$0	(\$162,583)	(\$121,965)
Motor Vehicle Commission Fund (1588)	\$465,116	\$465,116	\$465,116
Total Estimated Net Effect on <u>Other</u> State Funds	More than \$37,559,948	More than \$37,100,089	More than \$33,668,501

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Highway Fund (1644)	(1 FTE)	(1 FTE)	(1 FTE)
Total Estimated Net Effect on FTE	(1 FTE)	(1 FTE)	(1 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 2027	FY 2028	FY 2029
Local Government	\$11,741,810	\$11,741,810	\$10,584,407

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§136.055 – Department of Revenue Fee Offices

In response to a previous version, officials from the **Department of Revenue (DOR)** assumed §136.055 allows the Director of Revenue to enter into a license office contract with a reputable business/entity when no qualifying bids are received for a license office Request For Proposal (RFP). This legislation would result in Department efficiency by not requiring continued rebidding of license offices that fail to obtain a qualifying bid during the RFP process.

For fiscal note purposes, **Oversight** assumes any impact would be negligible; therefore, Oversight will not reflect an impact in the fiscal note.

In response to a previous version, officials from the **City of Kansas City** and **City of O’Fallon** each 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 these agencies.

§§136.055, 301.130 & 301.147 – Three-Year Motor Vehicle Registration

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

Administrative Impact

To implement the proposed legislation the department will be required to:

- Update procedures, forms, and correspondence
- Update systems
- Update associated fee charts, and the Department website
- Update the Dealer Operating Manual
- Update the Missouri Titling Manual
- Send communications to contracted license offices and other contracted stakeholders
- Complete programming and user acceptance testing

- Update the Missouri Transportation Accounting System (MTAS) tables
- Train internal and contract license office staff
- Provide virtual training to License Office staff.
- License Office outreach in License Office News articles

The subsequent registration of said vehicle will require proof of five years of paid personal property taxes.

FY 2027 – Motor Vehicle Bureau

Lead Administrative Support Asst. 75 hrs. @ \$26.44/hr. =\$1,983
Associate Research/Data Analyst 300 hrs. @ \$31.16/hr. =\$9,348
Research/Data Analyst 100 hrs. @ \$37.14/hr. =\$3,714
Administrative Manager 60 hrs. @ \$51.40/hr. =\$3,084

FY 2027 – Systems Analysis & Support

Associate Research/Data Analyst 771 hrs. @ \$31.16/hr. =\$24,024
Research/Data Analyst 193 hrs. @ \$37.14/hr. =\$7,168
Administrative Manager 97 hrs. @ \$51.40/hr. =\$4,986

FY 2027 – Strategy & Communications Office

Associate Research/Data Analyst 400 hrs. @ \$31.16/hr. =\$12,464

Total = \$66,771

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

FUSION Impact

DOR notes:

Development: 100/hrs. @ \$225/hr. = \$22,250
Testing: 100/hrs. @ \$225/hr. = \$22,250
TOTAL = **\$44,500**

DOR notes OA-ITSD services will be required at a cost of **\$215,732** in FY 2027 (2,054.59 hours x \$105 per hour).

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's FUSION and OA-ITSD costs on the fiscal note.

Revenue Impact

DOR notes, anyone seeking a three-year registration under the proposed language will be required to pay registration fees at three times the normal rate. The Motor Vehicle Bureau estimates that 25% of applicants may wish to register their motor vehicle at the three-year duration. The Motor Vehicle Bureau may see a temporary increase in funds that will average out as the same these same vehicles will not require registration renewal for five years. However, it is important to note that registration fees are not refundable or transferable should the vehicle change owners. Due to this, the proposed language will likely result in a net positive of funds to the Motor Vehicle Bureau. It will be impossible to quantify this figure as it relies on too many variables, with the keystone of public interest and expected participation in the program being an unknown.

FY 2023 - 321,400 vehicles 5 model years and under that were registered.
FY 2024 - 325,203 vehicles 5 model years and under that were registered.
FY 2025 - 365,331 vehicles 5 model years and under that were registered.
Average: 337,311

FY 2023 - \$39,635,924.50 total amount of fees paid on vehicles 5 model years and under.
FY 2024 - \$35,862,193.50 total amount of fees paid on vehicles 5 model years and under.
FY 2025 - \$35,612,490.00 total amount of fees paid on vehicles 5 model years and under.
Average: \$37,036,869

FY 2027 estimated impact:

25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
50% of total for 6 effective months: $\$9,259,217.25 * 0.5 = \$4,629,958.63$
Total x 3 for increased fees: $\$4,629,958.63 * 3 = \$13,889,876$
Difference: $\$13,889,876 - \$4,629,958.63 = \$9,259,917$
\$9,259,917 increase in registration funds

FY 2028 estimated impact:

25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
50% of total who began 5 years in FY27: $\$9,259,217.25 * 0.50 = \$4,629,958.63$
Total x 3 for increased fees: $\$4,629,958.63 * 3 = \$9,259,917$
Difference: $\$13,889,876 - \$4,629,958.63 = \$9,259,917$
\$9,259,917 increase in registration funds

FY 2029 estimated impact:

First 6 months of FY29
25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
\$9,259,217 increase in revenue
Last 6 months of FY29
25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
50% to account for 6 months: $\$9,259,217.25 * 0.5 = \$4,629,608.63$

\$4,629,609 decrease in revenue
\$4,629,608 increase in revenue

FY 2030 estimated impact:

25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
\$9,259,217 decrease in revenue

FY 2031 estimated impact:

25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
\$9,259,217 decrease in revenue

FY 2032 estimated impact:

25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
\$9,259,217 decrease in revenue

FY 2033 estimated impact:

25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
\$9,259,217 decrease in revenue

FY 2034 estimated impact:

First 6 months of FY34
25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
50% to account for 6 months: $\$9,259,217.25 * 0.5 = \$4,629,608.63$
\$4,629,609 decrease in revenue

It is projected that by January 2035, the financial impact will be revenue neutral, resulting in no significant net gain or loss to the state, as revenues and expenditures are expected to balance over a seven-and-a-half-year period.

Following the allowed three-year registration period, up to three years of personal property tax will need to be verified prior to the next registration or renewal. This change will impact county collectors, who will be required to maintain records for more than the current two-year period and provide the Department of Revenue's system with up to three years of proof of paid personal property tax. This may also result in loss of funds to city and counties.

Oversight assumes there will be an increase in revenue in the first two years after implementation of this proposal if vehicle owners (of vehicles less than five years old) choose the three-year registration option.

Oversight will reflect an increase in revenue for fiscal years 2027 and 2028. Oversight assumes the revenue will then even out in FY 2029 as registrations will decrease due to vehicles utilizing the three-year registration option in 2027 and 2028.

Oversight assumes the following:

FY 2027 estimated impact:

25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
50% of total for 6 effective months: $\$9,259,217.25 * 0.5 = \$4,629,608.63$
Total x 3 for increased fees: $\$4,629,608.63 * 3 = \$13,888,825.89$
Difference: $\$13,888,825.89 - \$4,629,608.63 = \$9,259,217.26$
\$9,259,217 increase in registration funds

FY 2028 estimated impact:

25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
50% of total who began 5 years in FY27: $\$9,259,217.25 * 0.5 = \$4,629,608.63$
Total x 3 for increased fees: $\$4,629,958.63 * 3 = \$13,888,825.89$
Difference: $\$13,888,825.89 - \$4,629,608.63 = \$9,259,217.26$
\$9,259,217 increase in registration funds

FY 2029 estimated impact:

First 6 months of FY29
25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
\$9,259,217 increase in revenue
Last 6 months of FY29
25% of estimated funds collected: $\$37,036,869 * 0.25 = \$9,259,217.25$
50% to account for 6 months: $\$9,259,217.25 * 0.5 = \$4,629,608.63$
\$4,629,609 net increase in revenue

Oversight assumes there will be a net increase of revenue in FY 2029 (first six months of FY 2029 revenue of \$9,259,217 followed by a decrease for the last six months of FY 2029 revenue of \$4,629,609).

Oversight notes the revenue increase/decrease impacts the Highway Fund (75%), Cities (15%) and Counties (10%).

In response to a previous version, officials from the **Department of Natural Resources (DNR)** assumed the Gateway Vehicle Inspection Program (GVIP), which is codified at RSMO Sections 643.300-643.355 and state rule 10 CSR 10-5.381, is the state's program for administering the Clean Air Act mandated emission inspections for vehicles registered in the St. Louis area. Unless exempted, emission tests are required for motor vehicle registration renewals every two years, and also between most ownership transfers. The fee for the emissions test is \$24. The station owner pays the state \$2.50 for every passing inspection they issue. The proposed bill would change the program in two ways.

First, it will allow vehicle owners the new option to register their vehicles for 3-years if the vehicle they are registering has a model year less than six years old.

Second, for biennial renewals it eliminates the requirement for even-numbered model-year vehicles to renew in even-numbered calendar years and for odd-numbered model-year vehicles to renew in odd-number calendar years. The impact to state revenue for both of these changes are detailed separately below.

Sections 301.130.7. and 301.147.2. - 3-year registration option

Since the enforcement mechanism for the emission inspection program is registration denial, this new option for a 3-year registration for newer vehicles would allow vehicles to remain registered without the required biennial emission inspection required under GVIP. It is likely that many, but unknown how many, vehicle owners that are subject to the emission inspection requirement will opt for an extended registration period allowing the vehicles to remain registered without passing the required biennial emission inspection. This will lower the amount of emission inspections conducted, and the corresponding fees the department collects for the inspections.

This 3-year registration option would reduce the Missouri Air Emission Reduction Fee Fund by approximately \$122,000 annually on average. This revenue is generated by the fees collected for vehicle emissions inspection (\$2.50 per test) in the area covered by the GVIP. The associated loss of interest earned was not included.

Assumptions and calculations for the 3-year registration option:

CY23 Passing Inspections for Vehicles of 2018 Model Year of Newer: 250,614

CY24 Passing Inspections for Vehicles of 2019 Model Year of Newer: 237,241

CY 23/24 Average Annual Initial Inspections for Vehicles Less than 6 Model Years Old:
 $(250,614 + 237,241)/2 = 243,928$

Assumption: 20 percent of initial inspections for vehicles less than 6 model years old would not occur due to the 3-year registration option:

Reduced annual initial inspections: $243,928 * 0.20 = 48,786$ reduced inspections

Lost annual revenue:

$48,786 * \$2.50 = \mathbf{\$121,965}$

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

§144.070 – Vehicle Sales Tax for Out-of-State Residents

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

Administrative Impact

To implement the proposed language the Department will be required to:

- Update procedures, forms, training material, and the department’s website

- Create correspondence for Missouri dealers and the public
- Train current staff

Revenue Impact

Over the last two fiscal years, the department has seen an average of 347,352 motor vehicle sales by Missouri motor vehicle dealers to a purchaser with an out of state address. Due to various factors that could reduce/impact the sales tax they would have paid to the Missouri Dealer, the Department is reflecting an unknown but potentially significant impact to Motor Vehicle Sales Tax Collection.

In response to the previous version, DOR estimated an increase of \$465,347,878 to local taxing jurisdictions, and \$418,318,039 in state motor vehicle sales taxes.

Oversight assumes if this impact was reduced due to various factors by 40%, the revenue gain is estimated at \$186,139,151 to local taxing entities and \$167,327,216 in state motor vehicle sales tax.

Oversight will reflect an “Unknown” increase in revenue as provided by DOR and assumes this could be a significant revenue gain.

Oversight notes motor vehicle sales tax is distributed as follows:

State Road Bond Fund (1319)	1.500%
School District Trust Fund (1688)	0.500%
Conservation Commission Fund (1609)	0.125%
Parks, Soil and Water Fund (1613 & 1614)	0.100%
Funds Dedicated for Highway & Transportation Use*	2.000%

Funds Dedicated for Highway & Transportation Use are further broken down into the following:

State Road Fund (1320)	75%
Cities	15%
Counties	10%

§§301.010, 301.020, 301.030, 301.050 & 301.190 – Motor Vehicle Registration

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

Administrative Impact

To implement the proposed language the Department will be required to:

- Update procedures, charts, training material, and the department’s website
- Update legacy systems
- Train current staff

Revenue Impact

The Motor Vehicle Bureau currently assesses approximately 469,752 late renewal penalties of \$5 each year, to a total collected sum of \$2,348,760.

Under the proposed language, this penalty would start at \$5 upon the expiration of the vehicle’s registration and would increase by an additional \$25 each month, to a maximum of \$100. Out of the 469,752 late renewal accounts, the average elapsed time between the expiration of the vehicle’s registration and its renewal is 3 months. This information will be used to calculate the projected increase in collected revenue.

Penalties as currently assessed: $469,752 * \$5 = \$2,348,760$
Average penalties as proposed: $469,752 * (\$25 * 3) = \$35,231,400$
Difference: $\$35,231,400 - \$2,348,760 = \$32,882,640$

Total: \$32,882,640 increase annually to highway, city and county funds.

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

§§301.020, 301.074, 301.132, 301.147, 301.190, 307.350, 307.375, & 643.315 – Motor Vehicle Safety Inspections

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

Administrative Impact

To implement the proposed provisions of this bill the MVB would be required to:

- Update procedures, manuals, Department website, and correspondence letters
- Update systems to remove safety inspection requirements for most vehicle registrations
- Update systems to account for changes in conditional exemption from emissions inspections
- Send communications to stakeholders as applicable

FY2027 – Motor Vehicle Bureau

Associate Research/Data Analyst 246 hrs. @ \$31.16/hr. =\$7,665
Research/Data Analyst 67 hrs. @ \$37.14/hr. =\$2,488
Administrative Manager 34 hrs. @ \$51.40/hr. =\$1,748

FY 2027 – Systems Analysis & Support

Associate Research/Data Analyst 611 hrs. @ \$31.16/hr. =\$19,039

Research/Data Analyst 153 hrs. @ \$37.14/hr. =\$5,682

Administrative Manager 77 hrs. @ \$51.40/hr. =\$3,958

FY 2027 – Strategy & Communications Office

Associate Research/Data Analyst 180 hrs. @ \$31.16/hr. =\$5,609

Research/Data Analyst 80 hrs. @ \$37.14/hr. =\$2,971

Total = \$49,160

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

FUSION Impact

DOR notes: Implementation: 160 hours @ \$225/hr. =\$36,000

Testing: 160 hours @ \$225/hr. =\$36,000

Total = **\$72,000**

DOR notes OA-ITSD services will be required at a cost of **\$171,098** in FY 2027 (1,629.50 hours x \$105 per hour).

Note that this would require additional direct access functionality so that MSHP can notate in FUSION when a vehicle is damaged badly enough in an accident that it needs the safety inspection.

The fiscal impact estimated above is based on changes in the current Department's Motor Vehicle and Driver Licensing system environment. The implementation of this legislation will be coordinated with the integration of the Department's Motor Vehicle and Driver Licensing software system approved and passed by the general assembly in 2020 (Senate Bill 176). To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD and FUSION costs on the fiscal note.

Officials from the **Missouri Highway Patrol (MHP)** assume current statutes fund the administration of safety inspections through the charging of a fee of \$1.50 to purchase an inspection sticker/authority to apply to a vehicle which passed the inspection.

The deposit of fees collected is broken up with \$1.00 going to Highway Fund (1644) and \$.50 going to Highway Patrol Inspection Fund (1297).

The estimated number of safety inspections annually is 1,600,000.

$1,600,000 \times \$1.00 = \$1,600,000$ - Highway Fund (1644)
 $1,600,000 \times \$0.50 = \$800,000$ - Highway Patrol Inspection Fund (1297)

If this legislation is enacted, there would be a one-time cost of fully refunding safety inspection stations for their inventory of safety inspection sticker/authorities. This is calculated by estimating the statewide inventory of stickers/authorities and multiplying by the \$1.50 that would be reimbursed. The statewide inventory in stations at a given time is estimated to be 15% of their annual supply. In Section 8.185, the Patrol currently has spending authority for \$100,000 for the refund of unused stickers. If enacted, the Patrol would need additional spending authority for these refunds. The Patrol assumes this would be an expenditure for only one fiscal year.

$500,000 \times .15$ (15%) \times $\$1.50 =$ Total **\$112,500** - Highway Fund (1644)

MHP also notes savings associated with 1 FTE being no longer needed.

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

In response to similar legislation, HCS for HB 3316 (2026), officials from the **Missouri Department of Transportation** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

§§301.020 & 301.600 – Motor Vehicle Liens

Oversight notes this section provides that a notice of lien shall contain the full legal name as pursuant to §301.020.2. Oversight assumes there will be no fiscal impact for this section.

§§301.055 & 301.070 – Flat Registration Fees

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

Administrative Impact

To implement the proposed language the Department will be required to:

- Update procedures, forms, charts, training material, and the department's website
- Create correspondence materials to inform the public
- Train current staff

Revenue Impact

Eliminating the current horsepower calculation chart for passenger vehicles in favor of a flat fee will result in an increase in collected registration funds for any passenger vehicle with a taxable horsepower (HP) of 35 or less. However, registration funds collected on passenger vehicles of 36 HP or greater will be reduced. As vehicles of 35 HP or less represent the majority of vehicle registrations, the department projects an increase in collected registration funds for passenger vehicles of \$5,236,216 annually. The following table calculates the impacts across all horsepower classes, with the \$0.25 railroad crossing fee excluded from calculation.

Horsepower (HP)	Registered by HP	Current Annual Registration	Proposed Annual Registration	Difference
Under 12 HP	49,767	\$895,806	\$1,231,733	\$335,927
12-23 HP/Electric/LSV	2,044,999	\$42,944,979	\$50,613,725	\$7,668,746
24-35 HP	1,374,814	\$32,995,536	\$34,026,647	\$1,031,111
36-47 HP	235,362	\$7,766,946	\$5,825,210	(\$1,941,737)
48-59 HP	123,451	\$4,814,589	\$3,055,412	(\$1,759,177)
60-71 HP	3,805	\$171,225	\$94,174	(\$77,051)
72+ HP	823	\$41,973	\$20,369	(\$21,604)
Total	3,833,021	\$89,631,054	\$94,867,270	\$5,236,215

Current annual registration fees for a motorcycle are \$8.50 per year, and motortricycles and autocycles have an annual registration fee of \$10; both figures exclude the railroad crossing fee. The proposed language will see a reduction in collected fees for motortricycles and autocycles, but this loss will be offset by the increase in annual motorcycle registration fees, resulting in an increase of \$54,283 annually.

Body Style	Registered	Current Annual Registration	Proposed Annual Registrations	Difference
Motorcycle	43,792	\$372,232	\$426,972	\$54,740
Motortricycle	1,701	\$17,010	\$16,585	(\$425)
Autocycle	127	\$1,270	\$1,238	(\$32)
Total	45,620	\$390,512	\$444,795	\$54,283

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

§301.110 – Alternative Fuel Decals

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

Administrative Impact

To implement the proposed language the Department will be required to:

- Update procedures, forms, training material, and the department's website
- Train current staff

Revenue Impact

There will be a revenue impact from this bill due to decreased material costs by eliminating the production of alternative fuel decals. Production of an alternative fuel decal is a \$0.42 in material costs to the department.

Below represents the number of alternative fuel decals the Motor Vehicle Bureau has sold over the last three fiscal years:

FY 2023 17,202
FY 2024 25,101
FY 2025 32,864

These figures show a steady increase in alternative fuel decal sales each year. Based on the last three fiscal years, there is an average of 25,056 special fuel decals issued.

Revenue saving: $25,056 * 0.42 = \$10,524$

Total: \$10,524 annual increase to the highway, city and county funds.

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

§301.140 -Vehicle Registration Fee Transfer Adjustment

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

Administrative Impact

To implement the proposed language the Department will be required to:

- Update procedures, forms, training material, and the department's website
- Train current staff

Revenue Impact

Currently, the Motor Vehicle Bureau processes approximately 212,133 license plate transfers each year. With an increase in transfer fees from \$2 to \$10 the department can expect to see a \$1,697,064 annual increase in funds collected.

Funds as currently collected: $212,133 * \$2 = \$424,266$
Fund collection as proposed: $212,133 * \$10 = \$2,121,330$
Difference: $\$2,121,330 - \$424,266 = \$1,697,064$

Total: \$1,697,064 annual increase to highway, city and county funds.

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

§301.140 – Interim Plates

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

Revenue Impact

Reports indicate that approximately 993,923 new vehicles are titled annually in Missouri. As indicated in the notes for §144.070.10(2) proposed language, approximately 347,352 motor vehicle sales are to out-of-state residents annually.

Out-of-state residents that purchase a vehicle in Missouri will be required to obtain a 15-day in-transit plate at a cost of \$10. This item will be distributed by the department and will be a paper printout with an estimated low material cost. It is important to note that distribution for this collected fee is not addressed in the proposed language of the bill and is unknown at this time.

Projected sale of in-transit plates: $347,352 * \$10 = \$3,473,520$ annual increase to highway, city and county funds.

\$3,473,520 projected annual increase to highway, city and county funds.

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

§301.140 – Converting Temporary Additional Plate to Permanent Third Plate

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

Administrative Impact

To implement the proposed language the Department will be required to:

- Update procedures, forms, training material, and the department's website
- Train current staff

FY 2027 – Motor Vehicle Bureau

Associate Research/Data Analyst 20 hrs. @ \$31.16/hr. =\$623

Research/Data Analyst 10 hrs. @ \$37.14/hr. =\$371

Administrative Manager 5 hrs. @ \$51.40/hr. =\$257

FY 2027 – Strategy & Communications Office

Associate Research/Data Analyst 20 hrs. @ \$31.16/hr. =\$623

Research/Data Analyst 10 hrs. @ \$37.14/hr. =\$371

Total = \$2,245

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

§302.170 – REAL ID Provisions

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

Administrative Impact

Proposed changes will require:

- Complete project intake documents and define workplans
- Work with vendor to define system changes and submit change documentation
- Vendor complete driver license system programming to collect and retain electronic images of source documents submitted and remove 10yr retention limitation for REAL ID applications.
- Analyst(s) complete user acceptance testing
- Update and obtain approvals for procedures, forms, and website changes
- Update the Missouri Driver Guide (on-line and printed versions)
- Develop training materials and conduct training for internal staff, contracted staff, and external agency partners as needed
- Update DHS REAL ID certification documentation as applicable to identify program updates

FUSION Impact

Implementation Consultant 80 hrs. @ \$225 per hr. = **\$18,000**

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

§302.177 – Department of Revenue Fee Offices

Officials from the **Department of Revenue (DOR)** assume this section requires online registration renewal submissions to be forwarded to contracted license offices for processing. This is already the Department's procedure, as such it is no additional impact.

§§301.550, 301.560 & 301.570 – Dealer Provisions

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

Administrative Impact

Updates the minimum number of sales required for a dealer license from eight to twelve sales per calendar year.

To implement the proposed legislation the department will be required to:

- Update procedures, forms, training manual, and correspondence
- Update the Department website
- Update the Dealer Operating Manual

The Department anticipates that they will be able to absorb these costs and that there will be minimal impact. If multiple bills are passed that require department resources, FTE may be requested through the appropriations process.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to the dealer provisions of this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

§301.560 – Dealer Plate Fees

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

Administrative Impact

To implement the proposed language the Department will be required to:

- Update procedures, forms, training material, and the department's website
- Train current staff

Revenue Impact

Currently, the department produces new dealer license number plates for Missouri motor vehicle dealers each year. Dealers pay \$50 for the first set of plates, and additional sets can be requested for \$10.50 each. Current costs to the department are \$4.56 per flat plate. There will be a shift of revenue funds from highway, city, and counties to the Motor Vehicle Commission Fund of \$465,115.50.

Annual estimated revenue under current system for FY 2025:

Master plates 3,000 x \$50 = \$150,000
Additional plates 30,011 x \$10.50 = \$315,115.50
Total: 33,011 = \$465,115.50

Oversight does not have information to the contrary and therefore, Oversight will reflect an increase of \$465,116 to the Motor Vehicle Commission Fund and a corresponding decrease to the Highway Fund, Cities, and Counties as provided by DOR.

In response to a previous version, **DOR** noted:

Cost of first plate versus material costs: $\$50.00 - \$4.56 = \$45.44$ per plate

Cost of each additional plate: $\$10.50 - \$4.56 = \$5.94$ per plate

Proposed language would allow the department to issue tabs for dealer plates as opposed to printing new plates every two years. Costs associated with tab issuance would be the same as current plate fees (\$50 cost to dealers or \$10.50 for additional plates), resulting in higher profit margin due to differences in material cost (\$0.42) for tabs:

Cost of tabs versus material costs: $\$50 - \$0.42 = \$49.58$ profit per registration

Cost of each additional tab: $\$10.50 - \$0.42 = \$10.08$ profit per registration

Difference in cost (tab vs plate): $\$49.58 - \$45.44 = \$4.14$ profit difference per registration

Difference (tab vs additional): $\$10.50 - 5.94 = \4.56 each

Oversight assumes an profit from issuing tabs instead of plates will be minimal; therefore, Oversight will not reflect a fiscal impact.

§307.365 – Trailer Inspections

Oversight notes this section removes the provision that trailers be inspected. Oversight cannot determine the fiscal impact of this section; however, Oversight assumes the impact will be minimal and will therefore not reflect a fiscal impact.

§407.1338 – RV Warranties

In response to a previous version, officials from the **Department of Revenue** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

In response to a previous version, officials from the **Office of the State Courts Administrator (OSCA)** stated this section may have some impact but there is no way to quantify that amount currently. Any significant changes will be reflected in future budget requests.

Oversight assumes OSCA is provided with core funding to handle a certain amount of activity each year. Oversight assumes OSCA could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OSCA could request funding through the appropriation process.

§643.315 – Even/Odd Motor Vehicle Registration

In response to a previous version, officials from the **Department of Natural Resources (DNR)** assumed the following regarding this section:

Section 643.315.1 - Removal of odd and even model-year/calendar year renewal stipulation

The bill would remove the requirement for even-numbered model-year vehicles to get an emission inspection in even years, and vice versa for odd model-year vehicles.

As such, any vehicle registration transfers (used vehicle sales) that occur in a calendar year that does not match the odd/even characteristic of the model year of the vehicle, would get two years between the initial inspection and the first renewal inspection instead of only one year.

Therefore, there would be fewer vehicles tested in the second year after this bill passes.

However, the inspections would catch back up to normal in the third and subsequent years after the bill passes.

Based on a query of registration data and emission testing data in SFY23 and SFY24, there were a total of 64,987 vehicle registration transfers (used vehicle sales) that were required to take an emission test because of the vehicle registration transfer. Therefore, the annual average during the last two years was 32,494 vehicles. If we take the annual average and assuming that half of the vehicle registration transfers are even-numbered model year vehicles and half are odd-numbered model year vehicles, then the department would expect to see a reduction in initial inspections during the second year after the bill passes (SFY28) of 16,247 inspections. The fee

for the initial emissions test is \$24, of which of which \$2.50 is paid to the State, \$1.68 is paid to the database contractor, and \$19.82 is paid to the inspection station. Therefore, the department estimates a reduction in state revenue from inspection fees of approximately \$40,618 ($\$2.50 * 16,247$ inspections = \$40,617.50) that would occur in SFY28, but no reduction in inspection fee revenue any other year (SFY27 or SFY29 and beyond) as a result of the removal of the odd/even model-year renewal stipulation.

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

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DOR (§§136.055, 301.130 & 301.147) OA-ITSD services</u>	(\$215,732)	\$0	\$0
<u>Cost – DOR (§§136.055, 301.130 & 301.147) FUSION</u>	(\$44,500)	\$0	\$0
<u>Cost – DOR (§§301.020 – 643.315) OA-ITSD</u>	(\$171,098)	\$0	\$0
<u>Cost – DOR (§§301.020 – 643.315) FUSION</u>	(\$72,000)	\$0	\$0
<u>Cost – DOR (§302.170) FUSION</u>	(\$18,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$521,330)</u>	<u>\$0</u>	<u>\$0</u>
CONSERVATION COMMISSION FUND (1609)			
<u>Revenue Gain – (§144.070) Increase in motor vehicle sales tax for out-of-state purchasers</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON THE CONSERVATION COMMISSION FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
HIGHWAY FUND (1644)			
<u>Savings</u> – MHP (§§301.020 – 643.315) 1 FTE no longer needed			
Personal Service	\$81,408	\$81,408	\$81,408
Expense and Equipment	\$14,664	\$4,888	\$4,888
Total Savings – MHP	\$96,072	\$86,296	\$86,296
FTE Change – MHP	(1 FTE)	(1 FTE)	(1 FTE)
<u>Revenue Gain</u> – MHP (§§136.055, 301.130 & 301.147) Increase and then potentially decrease in registration fees due to a three-year registration option	\$6,944,413	\$6,944,413	\$3,472,207
<u>Revenue Gain</u> – (§301.050) Increase in late fees for motor vehicle registration	\$24,661,980	\$24,661,980	\$24,661,980
<u>Revenue Gain</u> – (§§301.055 & 301.070) Flat motor vehicle registration fees	\$3,927,161	\$3,927,161	\$3,927,161
<u>Revenue Gain</u> – (§§301.055 & 301.070) Flat motorcycle, motortricycle and autocycle registration fees	\$40,712	\$40,712	\$40,712
<u>Revenue Gain</u> – (§301.110) Alternative fuel decals no longer issued	\$7,893	\$7,893	\$7,893
<u>Revenue Gain</u> – (§301.140) Increase in transfer plate fees	\$1,272,798	\$1,272,798	\$1,272,798
<u>Revenue Gain</u> – (§301.140) In-transit plate fees	\$2,605,140	\$2,605,140	\$2,605,140
<u>Cost</u> – MHP (§§301.020 – 643.315) Reimbursement of inspection stickers	(\$112,500)	\$0	\$0
<u>Revenue Loss</u> – MHP (§§301.020 – 643.315) Decrease in motor vehicle inspections	(\$1,333,333)	(\$1,600,000)	(\$1,600,000)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Revenue Loss</u> – (§301.560) Dealer plate fees deposited into the Motor Vehicle Commission Fund	<u>(\$348,837)</u>	<u>(\$348,837)</u>	<u>(\$348,837)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$37,761,499</u>	<u>\$37,597,556</u>	<u>\$34,125,350</u>
Estimated Net FTE Change to the Highway Fund	(1 FTE)	(1 FTE)	(1 FTE)
HIGHWAY PATROL INSPECTION FUND (1297)			
<u>Revenue Loss</u> – MHP (§§301.020 – 643.315) Decrease in motor vehicle inspections	<u>(\$666,667)</u>	<u>(\$800,000)</u>	<u>(\$800,000)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY PATROL INSPECTION FUND	<u>(\$666,667)</u>	<u>(\$800,000)</u>	<u>(\$800,000)</u>
MISSOURI AIR EMISSION REDUCTION FUND (1267)			
<u>Revenue Loss</u> – DNR (§§301.130 & 301.147)	\$0	(\$121,965)	(\$121,965)
<u>Revenue Loss</u> – DNR (§643.315) Decrease in number of emissions inspections required	\$0	(\$40,618)	\$0
ESTIMATED NET EFFECT ON THE MISSOURI AIR EMISSION REDUCTION FUND (1267)	<u>\$0</u>	<u>(\$162,583)</u>	<u>(\$121,965)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
MOTOR VEHICLE COMMISSION FUND (1588)			
<u>Revenue Gain</u> – (§301.560) Dealer plate fees deposited into the Motor Vehicle Commission Fund	<u>\$465,116</u>	<u>\$465,116</u>	<u>\$465,116</u>
ESTIMATED NET EFFECT ON THE MOTOR VEHICLE COMMISSION FUND	<u>\$465,116</u>	<u>\$465,116</u>	<u>\$465,116</u>
PARKS, SOIL AND WATER FUND (1613 & 1614)			
<u>Revenue Gain</u> – (§144.070) Increase in motor vehicle sales tax for out-of-state purchasers	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON THE PARKS, SOIL AND WATER FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
SCHOOL DISTRICT TRUST FUND (1688)			
<u>Revenue Gain</u> – (§144.070) Increase in motor vehicle sales tax for out-of-state purchasers	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON THE SCHOOL DISTRICT TRUST FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
STATE ROAD BOND FUND (1319)			
<u>Revenue Gain</u> – (§144.070) Increase in motor vehicle sales tax for out-of-state purchasers	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
ESTIMATED NET EFFECT ON THE STATE ROAD BOND FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
STATE ROAD FUND (1320)			
<u>Revenue Gain</u> – (\$144.070) Increase in motor vehicle sales tax for out-of-state purchasers	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS*			
<u>Revenue Gain</u> – (Cities 15%) (§§136.055, 301.130 & 301.147) Increase and then potential decrease in registration fees due to a five-year registration option	\$1,388,883	\$1,388,883	\$694,441
<u>Revenue Gain</u> – (Counties 10%) (§136.055, §301.130 & 301.147) Increase and then potential decrease in registration fees due to a five-year registration option	\$925,922	\$925,922	\$462,961
<u>Revenue Gain</u> – Cities (§301.050) 15% Increase in late fees for motor vehicle registration	\$4,932,396	\$4,932,396	\$4,932,396
<u>Revenue Gain</u> – Counties 10 % (§301.050) Increase in late fees for motor vehicle registration	\$3,288,264	\$3,288,264	\$3,288,264

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Revenue Gain</u> – Cities 15% (§§301.055 & 301.070) Flat motor vehicle registration fees	\$785,432	\$785,432	\$785,432
<u>Revenue Gain</u> – Counties 10% (§§301.055 & 301.070) Flat motor vehicle registration fees	\$523,622	\$523,622	\$523,622
<u>Revenue Gain</u> – Cities 15% (§§301.055 & 301.070) Flat motorcycle, motortricycle and autocycle registration fees	\$8,142	\$8,142	\$8,142
<u>Revenue Gain</u> – Counties 10% (§§301.055 & 301.070) Flat motorcycle, motortricycle and autocycle registration fees	\$5,428	\$5,428	\$5,428
<u>Revenue Loss</u> – Cities 15% (§301.560) Dealer plate fees deposited into the Motor Vehicle Commission Fund	(\$69,767)	(\$69,767)	(\$69,767)
<u>Revenue Loss</u> – Counties 10% (§301.560) Dealer plate fees deposited into the Motor Vehicle Commission Fund	(\$46,512)	(\$46,512)	(\$46,512)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$11,741,810</u>	<u>\$11,741,810</u>	<u>\$10,584,407</u>

FISCAL IMPACT – Small Business

Small license contract offices and small businesses that provide motor vehicle inspections could be impacted as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies provisions relating to the Department of Revenue.

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
Department of Natural Resources
Attorney General's Office
Missouri Highway Patrol
Missouri Department of Transportation
Office of the State Courts Administrator
City of Kansas City
City of O'Fallon



Julie Morff
Director
May 14, 2026



Jessica Harris
Assistant Director
May 14, 2026