

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3780-01  
Bill No.: HB 1486  
Subject: Motor Vehicles: Revenue Department  
Type: Original  
Date: February 15, 2008

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Bill Summary: Exempts cars newer than six years hold from the motor vehicle safety inspection requirement.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2009    | FY 2010    | FY 2011    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                      |                      |                      |
|---|----------------------|----------------------|----------------------|
| FUND AFFECTED   | FY 2009              | FY 2010              | FY 2011              |
| Highway Patrol Inspection Fund                                | (\$393,750)          | (\$472,500)          | (\$472,500)          |
| Highway Fund  | (\$787,500)          | (\$945,000)          | (\$945,000)          |
| Road Fund   | \$0                  | (\$882,000)          | \$0                  |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>(\$1,181,250)</b> | <b>(\$2,299,500)</b> | <b>(\$1,417,500)</b> |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                          |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2009    | FY 2010    | FY 2011    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |          |          |          |
|---|----------|----------|----------|
| FUND AFFECTED   | FY 2009  | FY 2010  | FY 2011  |
|   |          |          |          |
|   |          |          |          |
| <b>Total Estimated<br/>Net Effect on<br/>FTE</b>          | <b>0</b> | <b>0</b> | <b>0</b> |

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED                              | FY 2009    | FY 2010    | FY 2011    |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **Office of 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 to the SOS office for Administrative Rules for this proposal is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Officials from the **Department of Revenue (DOR)** state they will need to revise policies and procedures, titling manuals, and web sites, regarding elimination of the safety inspection program upon renewals in which a safety inspection would otherwise be required, for vehicles newer than six years. Changes will be needed to the renewal print program and TRIPS to eliminate the safety inspection requirement on these exempt vehicles. Costs for these revisions will be absorbed.

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing 1 existing CIT III for 1 months at a rate of \$4,186. ITSD DOR estimates the IT portion of this request can be accomplished within existing resources; however, if priorities shift, additional FTE/overtime would be needed to implement. Funding would be requested through the budget process.

According to officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)**, the patrol currently receives \$1.50 from each inspection sticker sold. \$1.00 of that is deposited into the Highway fund, and \$0.50 is deposited into the Highway Patrol Inspection fund. This proposed legislation would exempt new cars from the inspection process for the first 6 years, unless that car was re-sold as a used car during those 6 years, in which case the normal inspection process would apply. This will have a negative effect on the sales of inspection stickers as fewer cars are inspected. Without knowing how many new cars will be sold, and without knowing how many of those cars will then be re-sold within 6 years of original purchase, it is impossible to accurately estimate the exact fiscal impact. However, it could exceed \$100,000 per year in each of the two affected funds.

Officials from the **Department of Transportation (MoDOT)** state that MoDOT receives \$1 of

ASSUMPTION (continued)

the \$12 inspection fee which is deposited into the Highway Fund. The Highway Patrol receives \$.50 of the fee, deposited into the Highway Patrol Inspection Fund (HPIF). Any remaining funds in the Highway Patrol Inspection Fund at the end of each biennium exceeding the amount of appropriations from the fund for the two previous fiscal years are transferred to the State Road Fund. Based on FY 03 - FY 07 inspection fee collections and biennial transfers from the HPIF and, assuming 31.5% of total motor vehicle registrations are for vehicles newer than six years old, the following revenue losses are calculated:

|                                | <u>FY 2009</u> | <u>FY 2010</u>      | <u>FY 2011</u> |
|--------------------------------|----------------|---------------------|----------------|
| Highway Patrol Inspection Fund | (\$ 393,750)   | (\$ 472,500)        | (\$ 472,500)   |
| Highway Fund                   | (\$ 787,500)   | (\$ 945,000)        | (\$ 945,000)   |
| Road Fund                      | <u>(\$ 0)</u>  | <u>(\$ 882,000)</u> | <u>(\$ 0)</u>  |
|                                | (\$1,181,250)  | (\$2,299,500)       | (\$1,417,500)  |

| <u>FISCAL IMPACT - State Government</u> | <u>FY 2009</u><br>(10 Mo.) | <u>FY 2010</u> | <u>FY 2011</u> |
|---|----------------------------|----------------|----------------|
|---|----------------------------|----------------|----------------|

**HIGHWAY PATROL INSPECTION  
FUND**

|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| Loss - Decrease in revenue from vehicle inspections | <u>(\$393,750)</u> | <u>(\$472,500)</u> | <u>(\$472,500)</u> |
|---|--------------------|--------------------|--------------------|

|  |                           |                           |                           |
|--|---------------------------|---------------------------|---------------------------|
| <b>ESTIMATED NET EFFECT ON<br/>HIGHWAY PATROL INSPECTION</b> | <b><u>(\$393,750)</u></b> | <b><u>(\$472,500)</u></b> | <b><u>(\$472,500)</u></b> |
|--|---------------------------|---------------------------|---------------------------|

**HIGHWAY FUND**

|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| Loss - Decrease in revenue from vehicle inspections | <u>(\$787,500)</u> | <u>(\$945,000)</u> | <u>(\$945,000)</u> |
|---|--------------------|--------------------|--------------------|

|   |                           |                           |                           |
|---|---------------------------|---------------------------|---------------------------|
| <b>ESTIMATED NET EFFECT ON<br/>HIGHWAY FUND</b> | <b><u>(\$787,500)</u></b> | <b><u>(\$945,000)</u></b> | <b><u>(\$945,000)</u></b> |
|---|---------------------------|---------------------------|---------------------------|

| <u>FISCAL IMPACT - State Government</u>             | FY 2009<br>(10 Mo.) | FY 2010                   | FY 2011           |
|---|---------------------|---------------------------|-------------------|
| <b>ROAD FUND</b>                                    |                     |                           |                   |
| Loss - Decrease in revenue from vehicle inspections | <u>\$0</u>          | <u>(\$882,000)</u>        | <u>\$0</u>        |
| <b>ESTIMATED NET EFFECT ON ROAD FUND</b>            | <u><b>\$0</b></u>   | <u><b>(\$882,000)</b></u> | <u><b>\$0</b></u> |
| <u>FISCAL IMPACT - Local Government</u>             | FY 2009<br>(10 Mo.) | FY 2010                   | FY 2011           |
|   | <u><b>\$0</b></u>   | <u><b>\$0</b></u>         | <u><b>\$0</b></u> |

FISCAL IMPACT - Small Business

Businesses will no longer have to pay for safety inspections on vehicles less than six years old (except at the time of ownership change) on any vehicles registered in their names or the potential vehicle repairs identified as a result of safety inspections. Licensed inspection stations will realize a decrease in revenue due to a smaller number of safety inspections completed.

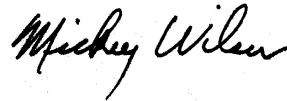
FISCAL DESCRIPTION

This proposed legislation exempts a motor vehicle newer than six years old from the motor vehicle safety inspection requirements when renewing or reregistering a license. To qualify for the exception, the owner must submit an affidavit to the Director of the Department of Revenue stating that the vehicle is newer than six years old.

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 Transportation  
Department of Public Safety  
    Missouri State Highway Patrol  
Office of Secretary of State  
    Administrative Rules Division

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 15, 2008