

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1235-15
Bill No.: SS for SCS for HCS for HB 430 with SA 1, SA 2, SA 3, SA 4, SA 7, SA 8, SA 9, SA 11 and SA 12
Subject: Motor Carriers; Transportation; Transportation Department
Type: Corrected
Date: May 11, 2011
#To correct Federal Funds

Bill Summary: Modifies various provisions relating to transportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Up to \$13,128)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(Up to \$13,128)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Road Fund	\$0 or \$16,000,000 to (Unknown greater than \$100,000)	\$0 or \$16,000,000 to (Unknown greater than \$100,000)	\$0 or \$16,000,000 to (Unknown greater than \$100,000)
Highway Safety Fund	\$0 or (\$16,000,000)	\$0 or (\$16,000,000)	\$0 or (\$16,000,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown greater than \$100,000)	\$0 (Unknown greater than \$100,000)	\$0 (Unknown greater than \$100,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 14 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal Funds#	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue, Department of Transportation, Department of Labor and Industrial Relations, Missouri Highway Patrol and Office of Administration - Division of Budget and Planning and Administrative Hearing Commission** assume there will be no fiscal impact to their agencies.

§ 301.4036

Officials from the **Department of Revenue (DOR)** assume procedures will need to be revised by a Management Analyst Specialist I, requiring 40 hours of overtime at a cost of \$805 in FY 12. The DOR web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 12.

DOR is charged \$250 for the initial set-up of a new speciality plate for passenger, truck, and RV as well as an additional charge of \$90 each to include disabled and motorcycle plates, for a total of \$430 for the initial set-up.

According to DOR the National Wild Turkey Federation states there are approximately 12,000 adult members that would be eligible for this plate. If 3%, or 360 plates are obtained the cost to the department would be \$3,060. However the revenue from the speciality plate fee would be \$5,400. As knowledge and public awareness of the availability of this plate increases it is assumed that 5% (582) of the remaining 11,640 eligible applicants will apply for these plates in FY 13 resulting a cost of \$4,947 and revenue of \$8,730. If 7% of the remaining members apply in FY 14 there will be costs of \$6,579 and revenue of \$11,610.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process. **Oversight** also assumes the cost and revenue of purchasing the plate is speculative and the initial impact would be \$0.

§70.441

In response to HCS for HB 818 (2011), officials from **St Louis County** state there is no fiscal impact to the county.

ASSUMPTION (continued)

In response to HCS for HB 818, officials from the **Bi-State Development Agency** assume the revenue received as a result of this proposal will neutralize the annual cost attributable to the enforcement, investigation, and prosecution of offenses and create a favorable financial impact. It will create a savings.

Oversight assumes the revenues will offset the costs of collection and for fiscal note purposes only, will show no fiscal impact.

§302.341, 302.700, and 302.768

In response to HCS for HB 818 (2011), officials from the **Department of Transportation** state costs associated with this proposal are already included in the current budget request. This proposal would implement current Federal requirements for States to modify their procedures for the issuance, renewal and transfer of a Commercial Drivers License (CDL) to a person who operates or will operate a commercial motor vehicle (CMV). The proposal would require CDL applicants more specifically to certify the nature of their proposed CMV operations and whether Federal or State driver qualification requirements will be applicable to those operations.

The enactment of these changes to Missouri's CDL statutes will be necessary to bring this State into compliance with the Federal mandate prescribed by 49 USC § 1311(a)(1) and (21), §31309(e)(4) and § 31305(a)(7); and 49 CFR §383.73 and §384.301.

In response to HCS for HB 818, officials from the **Department of Revenue (DOR)** assume the costs associated with development and implementation of the proposed medical certification program will be absorbed as part of a pending system upgrade project.

DOR further states that provisions contained in §302.700 and 302.768 are required for state compliance for its commercial drivers license (CDL) program under the provisions of 49 CFR Parts 383, 384 and 391 of the Federal Motor Carrier Safety Administration (FMCSA) regulations for commercial driver medical certification; provisions in section 302.341 required under 49 CFR § 384.226 "anti-masking" provisions (prohibits removal of Failure to Appear actions from a CDL holder's driver record after compliance shown).

Missouri federal-aid highway funds are subject to withholding if a state is found to be substantially in noncompliance. The first year of noncompliance the sanction is five (5) percent, the second and subsequent years the sanction is up to ten (10) percent of those funds.

ASSUMPTION (continued)

Oversight assumes Missouri will be in compliance with the mandated provisions and will assign no costs for sanctions.

§ 226.195

In response to HCS for SB 173 (2011), officials at the **Missouri Department of Transportation** and **City of Kansas City** assume there will be no fiscal impact from this proposal.

In response to HCS for SB 173 (2011), officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Oversight assumes MoDOT is given the authority to create a state transit assistance program that can accept funds from the federal government. Should MoDOT pursue federal funding it is assumed all money received will be spent in accordance with the legislation. **Oversight** is showing no fiscal impact.

§ 227.107

In response to HCS for SB 173 (2011), officials from the **Department of Transportation** assume there will be no fiscal impact to their agency.

§ 302.291

In response to HB 495 (2011), officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

ASSUMPTION (continued)

§ 302.309, 577.023

In response to HB 860 (2011), officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

In response to HB 860 (2011), officials from the **Department of Public Safety - Highway Patrol** assume the proposal will not create a fiscal impact to their agency.

In response to a similar proposal from this year (SCS for SB 254), officials from the **Department of Transportation (MoDOT)** stated Title 23 United States Code (USC) Section 164 outlines provisions that must be included in a state's repeat intoxicated driver law and requires a transfer of 3% of the state's federal-aid highway funds if the state has not enacted or is not enforcing a repeat intoxicated driver law that meets Section 164's requirements. This bill should place Missouri's repeat intoxicated driver law back in compliance with Section 164's requirements, which should stop this transfer of Missouri's federal-aid highway funds.

A statute change from last legislative session (SS SCS HCS HB 1695, 1742, & 1674) put the state out of compliance with 23 USC 164 (mandatory jail time/community service and limited driving privileges for repeat offenders). MoDOT has requested a legal review by the National Highway Traffic Safety Administration to ensure SB 254 puts state statute back into compliance with 23 USC 164. Assuming SB 254 does fulfill federal requirements, the penalty transfer of approximately \$16 million would be reversed. This would give MoDOT more flexibility in expending these funds.

Oversight will range the fiscal impact of the proposal from \$0 (legislation would not impact Missouri's compliance with federal code) to the \$16 million penalty stated by MoDOT.

In response to HB 860 (2011), officials from the **Department of Revenue (DOR)** state this proposal would bring the state into compliance with federal regulations and ensure receipt of federal aid highway funds. DOR states the proposed changes would require:

- System modifications regarding the changes to Limited Driving Privileges;
- Draft updates to web site information on Limited Driving Privileges;
- Updating office procedures;
- additional training of personnel

DOR's Drivers License Bureau (DLB) estimates 160 hours of system testing for one Management Analysis Specialist II (at \$23 per hour or \$3,680) and the same for one

ASSUMPTION (continued)

Administrative Analyst I (at \$16 per hour or \$2,560). DOR also assumes the need for 160 hours of work for a Revenue Band Manager (at \$25 per hour or \$4,000), 40 hours of work for two Management Analysis Specialist I for forms and Internal Procedure development (each at \$20.13 per hour or \$1,610) and 10 hours for an Administrative Analyst III for web page updates (at \$21.79 per hour or \$218).

DOR's response to a similar proposal in prior years would have indicated the Department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the Department's driver license legacy systems, changes cannot be made without significant impact to the Department's resources and budget.

Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$1,060. The value of the level of effort is calculated by taking 1 FTE for 40 hours

In summary, DOR assumes a cost of \$13,128 in FY 2012 to provide for the implementation of the changes in this proposal.

Oversight assumes some of DOR's anticipated work hours could be performed during the normal work day and not create an additional expense to their budget; therefore, Oversight will range the cost to the Department of Revenue as 'up to \$13,128'.

In response to HB 860 (2011), officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Section 304.180 (HB 226)

Officials from the **Department of Revenue** and **Department of Agriculture** assume there will be no fiscal impact to their agencies.

ASSUMPTION (continued)

Officials from the **Department of Transportation (MoDOT)** assume the increase in allowable weights would result in increased damage to bridges. Additionally, it would reduce the life expectancy of some of MoDOT's bridges. There is really no good way to quantify this issue in terms of a dollar amount.

The increased allowable weights will result in an increase in the number of MoDOT bridges requiring some type of posting would increase by 20%. Posting signs would have to be installed at these locations, so there would be a cost associated with this. An unknown number of existing postings signs would require updating.

SA 7 - Section 136.055

Department of Revenue Fee Office Retention from Motor Vehicle Sales Taxes

If the proposal is implemented, fee offices would be allowed to retain two percent of sales taxes collected on motor vehicles.

In response to SS for SCS for HCS for HB 116 & 316 (2011), officials from the **Department of Transportation (MODOT)** assume this proposal, as amended, would specify that any person who is selected or appointed by the Director of Revenue to act as an agent of the Department of Revenue (DOR) would be entitled to deduct and retain an amount equal to 2% of all sales taxes collected. This change means that fee office agents would be able to retain 2% of motor vehicle sales and use taxes collected at fee offices. This change would have a negative fiscal impact on MODOT because it would reduce the motor vehicle sales tax proceeds that would then be distributed to MODOT and cities and counties pursuant to the Missouri Constitution.

MODOT officials assume that this 2% retainage would not be included when calculating DOR's 3% cost of collection cap, which would have a negative fiscal impact to their organization. MODOT officials provided an estimate of \$4.9 million annual revenue reduction to their funds, \$400,000 annual reduction to cities, and \$300,000 to counties.

Oversight has calculated an estimate of the fiscal impact of this provision using the Department of Revenue reported sales tax collections for FY 2010.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** assume during FY 2010, license offices collected \$238,313,207 in motor vehicle sales tax and \$64,144,724 in Highway Use tax. Article IV, Section 30b of the Constitution allows the Department of Revenue to be appropriated 3% of the fees and taxes collected from highways as an incident to their use or right to use the highways of the state. Proposed Section 136.055.6 of this legislation allows:

“Any person acting as agent of the department of revenue for the collection of sales and use tax when required under sections 144.070 and 144.440 shall be entitled to deduct and retain an amount equal to two percent of the motor vehicle sales tax under section 144.140 to offset the actual cost incurred by such person, on behalf of the department of revenue, in the collection of such taxes in accordance with the provisions of Article IV, Section 30(b) of the Missouri Constitution.”

This section appears to allow the license offices to retain two percent of the motor vehicle sales tax they collect which would then reduce the Department’s ability to be appropriated 3% to only 1%, resulting in a decrease in the Department’s highway appropriation of \$4,766,264 each year. Currently the 3% allowed in the Constitution does not cover the costs associated with issuance of motor vehicle and driver licensing transactions and general revenue is used to fund the Department’s motor vehicle and driver licensing budget. An additional **\$4,766,264** would have to be appropriated from another funding source such as general revenue.

In addition, the proposed language also appears to apply to two percent of the highway use tax collected by the license offices which would result in an additional decrease in the Department’s highway appropriation of \$1,282,894 each year. Currently the 3% allowed in the Constitution does not cover the costs associated with issuance of motor vehicle and driver licensing transactions and general revenue is used to fund the Department’s motor vehicle and driver licensing budget. An additional **\$1,282,894** would have to be appropriated from another funding source such as general revenue.

SA 12 - Section 301.3084

In response to HB 450 (2011), officials from the **Department of Corrections - Missouri Vocational Enterprises, Office of Secretary of State - Administrative Rules Division, Joint Committee on Administrative Rules**, and the **Department of Transportation** assume this proposal will have no fiscal impact on their respective agencies,

In response to HB 450 (2011), officials from the **Department of Revenue (DOR)** assume procedures will need to be revised by a Management Analyst Specialist I, requiring 40 hours of

ASSUMPTION (continued)

overtime at a cost of \$805 in FY 12. The DOR web site will need to be updated to include the change in the appearance of the Breast Cancer Awareness plate. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 12.

DOR is charged a one-time fee of \$90 for the graphic modification of an existing specialty plate for passenger, truck, and RV as well as an additional charge of \$90 each to include disabled and motorcycle plates, for a total of \$270 for the change.

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

Revenue Impact

DOR assumes that since this is an already existing specialty license plate and only the appearance is being changed, there would be no revenue impact.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Costs</u> - Department of Revenue			
Administrative changes to prepare for updates in the proposal	<u>(Up to \$13,128)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(Up to \$13,128)</u>	<u>\$0</u>	<u>\$0</u>
ROAD FUND			
<u>Savings</u> - more Federal funding could be utilized by this fund if Missouri becomes compliant	\$0 or \$16,000,000	\$0 or \$16,000,000	\$0 or \$16,000,000
<u>Cost</u> - Department of Transportation (Section 304.180)			
Increased maintenance and signage	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
ESTIMATED NET EFFECT TO THE ROAD FUND	<u>\$0 or \$16,000,000 to (Unknown greater than \$100,000)</u>	<u>\$0 or \$16,000,000 to (Unknown greater than \$100,000)</u>	<u>\$0 or \$16,000,000 to (Unknown greater than \$100,000)</u>
HIGHWAY SAFETY FUND			
<u>Loss</u> - Federal funding could be utilized by the Road Fund if Missouri becomes compliant	\$0 or (\$16,000,000)	\$0 or (\$16,000,000)	\$0 or (\$16,000,000)
ESTIMATED NET EFFECT TO THE HIGHWAY SAFETY FUND	<u>\$0 or (\$16,000,000)</u>	<u>\$0 or (\$16,000,000)</u>	<u>\$0 or (\$16,000,000)</u>

FISCAL IMPACT - Federal Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS#**

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Section 304.180 (HB 266)

Yes. Increased weight restrictions on bridges as well as wear and tear on the state's highway and bridge systems would have a negative impact on small business. Restricted load postings on bridges and increased maintenance work on highways could mean it would take longer for goods to be delivered to or picked up from a place of small business.

FISCAL DESCRIPTION

This proposal modifies various provisions relating to transportation.

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 Transportation

Department of Revenue

Department of Labor and Industrial Relations

Office of Administration -

Division of Budget and Planning

Administration Hearing Commission

Missouri Highway Patrol

Office of Administration -

Division of Budget and Planning

Administrative Hearing Commission

St. Louis County

Bi-State Development Agency

Secretary of State's Office

Office of State Courts Administrator

Department of Corrections

VL:LR:OD (12/02)

L.R. No. 1235-15

Bill No. SS for SCS for HCS for HB 430 SA 1, SA 2, SA 3, SA 4, SA 7, SA 8, SA 9, SA 11 & SA 12

Page 14 of 14

May 11, 2011

SOURCES OF INFORMATION (continued)

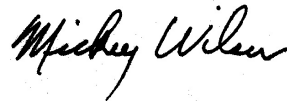
Office of Prosecution Services

Office of State Public Defender

Jefferson City Police Department

Columbia Police Department

Boone County Sheriff's Department

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

Mickey Wilson, CPA

Director

May 11, 2011