

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0492-02
Bill No.: HCS for HB 62
Subject: Licenses - Drivers'; Fees; Revenue Department
Type: Original
Date: April 18, 2013

Bill Summary: This proposal changes the laws regarding driver's licenses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	Up to (\$221,112)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	Up to (\$221,112)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Highway Fund	Less than \$1,591,463	Less than \$1,909,755	Less than \$1,909,755
Total Estimated Net Effect on <u>Other</u> State Funds	Less than \$1,591,463	Less than \$1,909,755	Less than \$1,909,755

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	Less than \$530,487	Less than \$636,585	Less than \$636,585

FISCAL ANALYSIS

ASSUMPTION

The proposed language requires any applicant taking the written portion of the non-commercial driver license examination more than once, to pay a \$10 fee for each additional retake. All fees collected shall be distributed pursuant to article IV, section 30(b) of the Constitution of Missouri.

Administrative Impact

Officials from the **Department of Revenue (DOR)** state these proposed changes in this section will require the Department to:

Work with the Missouri State Highway Patrol (MSHP) to develop an automated system for transferring all test data and retake attempts from the MSHP Driver Examination Division test sites to the Department of Revenue so fees may be applied correctly at the time of application for a license or permit;

Modify and test changes to the Missouri Transportation Accounting System (MTAS) to accommodate the new fee and distribution of monies as required;

Modify and test changes to the Missouri Electronic Driver License Central Issuance system (MEDL-CI) to incorporate collection and accounting of the \$10 written examination fee;

Update web site information related to driver examination processes and fees;

Update the Driver Guide to include reference to change in assessment of fees; and

Modify driver license forms related to examination requirements and fees.

Drivers License Bureau (DLB) – FY14

Administrative Analyst –	200 hrs @ \$24 (1 ½) per hr =	\$4,800
Management Analyst Specialist II –	240 hrs @ \$23 per hr =	\$5,520
Revenue Band Manager -	40 hrs @ \$30 per hr =	<u>\$1,200</u>
	Total =	\$11,520

ASSUMPTION (continued)

Personnel Service Bureau (PSB) –FY14

Personnel costs for the PSB for updating of DLB related forms, procedures and manuals and updating of website information related to the driver examination process and driver license and instruction permit examination fees.

1 Administrative Analyst III -	40 hrs @ \$22 per hr =	\$880
2 Management Analysis Specialist 1 -	160 hrs @ \$20 per hr =	<u>\$3,200</u>
Totals =		\$4,080

OA-ITSD Impact

Due to the programming effort required, the Department requests the sponsor consider this act becoming effective on the date the Department and MSHP completes the applicable development, programming and testing of changes to transfer the data electronically and the Department make changes to the Missouri Electronic Driver License system and supporting programs, or on January 1, 2014, whichever occurs first.

IT will have to work with the MSHP to create an interface to receive test data electronically.

Database group will need to create a new database to store records in so MEDL-CI can charge appropriately.

MEDL-CI will have to make changes to the testing process and accounting for the fee collection.

Missouri Driver License System (MODL) will have to create new screens to display test data. They will also have to provide the information to MEDL. They will receive the interface file from the MSHP to update records appropriately.

These proposed changes in this section will require:

Design: 960 hours

MEDL-CI: 160 hours

MODL: 240 hours

Database: 80 hours

ASSUMPTION (continued)

The IT fiscal impact is estimated with a level of effort valued at \$38,952 calculated on 1,440 FTE hours.

In summary, DOR assumes a cost of \$54,552 (\$11,520 + \$4,080 + \$38,952) in FY 2014 to provide for the implementation of the changes in this section of the proposal.

Revenue Impact

For purposes of this fiscal response, the Department assumes this fee applies to non-commercial written examinations for Class E, F and M only. The total number of Class E (20,375), F (212,247) and M (22,012) written examinations with a failing score requiring retake of the examination during calendar year 2012 was 254,634.

The estimated annual revenue increase from non-commercial written examinations which may be taken more than once in FY '14 is \$2,121,950 (254,634 x \$10 (proposed fee) = \$2,546,340/12 = \$212,195x10 months). Estimated distribution of fees:

FY 14

\$2,121,950 x 75 % = \$1,591,463 to Highway Fund

\$2,121,950 x 15% = \$318,292 to Cities

\$2,121,950 x 10% = \$212,195 to Counties

FY 15 and FY 16

\$2,546,340 x 75 % = \$ 1,909,755 to Highway Fund

\$2,546,340 x 15% = \$381,951 to Cities

\$2,546,340 x 10% = \$254,634 to Counties

Oversight assumes the number of failed drivers' licence examination would decrease due to the additional fee. However, Oversight has no basis for estimating this decline and therefore will reflect a potential increase in fees of "less than" the estimated provided by the Department of Revenue.

ASSUMPTION (continued)

§302.700, 302.720, 302.735 & 302.740

The proposed changes in these sections will require the **Department of Revenue (DOR)** to:

- Develop requirements and complete end user testing to modify the Missouri Electronic Driver License (MEDL) system and supporting systems to implement changes which include mandated Commercial Learner's Permit (CLP) term, standardization of restrictions and endorsements for CLP's, modifications to CDL and CLP document formats;
- Work with the new license contractor to incorporate required changes to the printed license or permit documents;
- Modify current Code of State Regulations related to third party testing and CLP issuance;
- Develop system changes and procedures to implement required secondary review of all CDL and CLP transactions and supporting documentation.

Testing CLP Issuance and Restriction Changes

Administrative Analyst -	660 hrs @ \$16 per hr =	\$10,560
Management Analyst Specialist II -	660 hrs @ \$23 per hr =	\$15,180
Revenue Band Manager II -	132 hours @ \$30 per hour=	<u>\$3,960</u>
Total =		\$29,700

Personnel Services Bureau

Update web page - Administrative Analyst III - 40 hrs @ \$22 =	\$880
Update forms - Management Analysis Spec I - 80 hrs @ \$20 =	\$1,600
Update procedures - Management Analysis Spec I - 120 hrs @ \$20 =	<u>\$2,400</u>
Total =	\$4,880

MorphoTrust costs for modification to the CLP document = **\$28,000**.

OA-ITSD staff will need to make programming changes to the Missouri Driver License System, Missouri Electronic Driver License System - Central Issuance and Central Driver Information System.

The level of effort is calculated at 3324 FTE hours @ \$27.05 per hour = **\$89,914**.

In summary, DOR assumes a cost of \$152,494 (\$29,700 + \$4,880 + \$28,000 + \$89,914) in FY 2014 to provide for the implementation of the changes in this section of the proposal.

KC:LR:OD

ASSUMPTION (continued)

§302.755

The proposed changes in this section will require the **Department of Revenue (DOR)** to:

- Include CDL permit holders in the disqualification routine;
- 'Stack' most CDL disqualifications;
- Include texting and hand-held mobile telephone convictions (commercial motor vehicles only) in the serious disqualification routine;
- Updates to Procedures, Correspondence letters and Department's website;
- Requires training of staff;
- Requires a review of administrative rules for possible revisions.

OA-ITSD staff will need to make programming changes to the Missouri Driver License (MODL) system.

The level of effort is calculated at 400 hours @ \$27.05 per hour = \$10,820.

§304.820

This proposal amends existing provisions for hand-held mobile phone and electronic texting to prohibit such use while operating a commercial motor vehicle (CMV), so as to comply with federal requirements in this regard. The act of "texting" while driving a commercial motor vehicle is prohibited under 49 CFR 392.80 of the Federal Motor Carrier Safety Administration (FMCSA) regulations, as an enumerated "serious traffic offense" for commercial driver license (CDL) disqualification under Table 2 of 49 CFR 383.51, and for state compliance for its commercial driver license program under 49 CFR Part 384.

The proposed changes in this section will require the **Department of Revenue (DOR)** to:

- Include current MODL codes for texting while driving (1153, 2153, 3153) in the serious disqualification routine when the CMV indicator is 'Y'; and
- Develop new MODL codes for driving a CMV with a hand-held mobile telephone and include it in the serious disqualification routine.

ASSUMPTION (continued)

OA-ITSD Staff will need to make programming changes to MODL. The level of effort is calculated at 120 hours @ \$27.05 per hour = \$3,246.

In summary, DOR assumes a total cost of \$166,560 (\$152,494 + \$10,820 + \$3,246) in FY 2014 to provide for the implementation of the changes in this section of this proposal.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the personal service cost related to 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 DOR as up to \$221,112.

Officials from the **Department of Public Safety - Missouri Highway Patrol** state currently, the Patrol has 142 written test locations. Of those test locations, 119 of the 142 test site locations are staffed by traveling crews due to the rural, less populated areas of the state. The 23 full-time locations have computer testing which is linked via internet connections to the Patrol server. The transfer of test information at these sites is "real time". Approximately 70 of the 119 traveling crew sites are equipped with computer "test tablets" which allow computer written testing to occur; however, the test data is not transferred to the Patrol server in "real time" due to poor to no internet connectivity in the rural areas. The test data with the computerized test tablets is transferred to the Patrol's server in "batch files" on a weekly basis. The remaining 49 written test locations are still conducting written tests by use of pencil and paper. Transferring test data electronically at these 49 locations would be non-existent.

Currently, all fees for licensing are collected by the Missouri Department of Revenue (DOR). The computer systems with Patrol and DOR are not integrated.

The Patrol assumes that fees will be collected by DOR at the fee offices since the Patrol does not have the authority or means to collect fees at the testing locations. For purposes of this fiscal note, the Patrol assumes that the applicant would first be required to go to the fee office to obtain a document allowing them to take a written test. The document from DOR would be presented to the Patrol's examination officer who would then administer the written test to the applicant. If the applicant failed the test, the examination officer would make the notation on the document from DOR and the applicant would be required to return to the license fee office and pay a \$10 fee in order to take another test. In this scenario, the fiscal impact on the Patrol would be minimal and can be absorbed; therefore, the Patrol's response is no impact.

ASSUMPTION (continued)

In response to a similar proposal from this year (HCS for HB 771), officials from the **Department of Transportation** anticipates no fiscal impact if this legislation were to pass. If it does not pass, DHT is subject to a withhold of federal funds amounting \$30 million the first year and \$60 million each year there after.

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

Officials from the **Office of the State Courts Administrator, Department of Elementary and Secondary Education, Department of Corrections** and **Office of the State Public Defender** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Office of Prosecution Services** did not respond to our request for fiscal impact.

This proposal would increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Cost</u> - DOR	(\$54,552)	\$0	\$0
Administrative Cost (§ 302.173.6)			
<u>Costs</u> - DOR			
Administrative changes to prepare for updates in the proposal (§ 302.700, 302.720, 302.735, 302.740 & 304.820)	<u>Up to</u> <u>(\$166,560)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>Up to</u> <u>(\$221,112)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
(continued)	(10 Mo.)		

HIGHWAY FUND

<u>Revenue - DOR - Increase from non-commercial written exam fees (\$10)</u>	<u>Less than</u>	<u>Less than</u>	<u>Less than</u>
	<u>\$1,591,463</u>	<u>\$1,909,755</u>	<u>\$1,909,755</u>

ESTIMATED NET EFFECT TO THE HIGHWAY FUND	<u>Less than</u>	<u>Less than</u>	<u>Less than</u>
	<u>\$1,591,463</u>	<u>\$1,909,755</u>	<u>\$1,909,755</u>

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
	(10 Mo.)		

LOCAL POLITICAL SUBDIVISIONS

<u>Revenue - Cities - Increase from non-commercial written exam fees (\$10)</u>	<u>Less than</u>	<u>Less than</u>	<u>Less than</u>
	<u>\$318,292</u>	<u>\$381,951</u>	<u>\$381,951</u>

<u>Revenue - Counties - Increase from non-commercial written exam fees (\$10)</u>	<u>Less than</u>	<u>Less than</u>	<u>Less than</u>
	<u>\$212,195</u>	<u>\$254,634</u>	<u>\$254,634</u>

ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>Less than</u>	<u>Less than</u>	<u>Less than</u>
	<u>\$530,487</u>	<u>\$636,585</u>	<u>\$636,585</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal requires an applicant taking the written portion of the driver's license examination more than once to pay a \$10 fee for each additional time he or she must retake the examination. All of these fees must be payable to the Director of the Department of Revenue for deposit in the State Road Fund established under Article IV, Section 30(b) of the Missouri Constitution.

FISCAL DESCRIPTION (continued)

Part of this legislation is federally mandated. It would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Public Safety
Department of Elementary and Secondary Education
Department of Transportation
Department of Corrections
Office of the State Courts Administrator
Office of the State Public Defender

Not Responding:

Office of Prosecution Services



Ross Strobe
Acting Director
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