

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4077-01
Bill No.: HB 1104
Subject: Licenses - Driver's; Fees; Department of Revenue
Type: Original
Date: January 14, 2014

Bill Summary: This proposal requires an applicant taking the written portion on the drivers license examination more than once to pay a \$10 fee for each additional time he or she must retake the examination.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$29,930)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$29,930)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Highway Fund	Less than \$1,578,758	Less than \$1,894,508	Less than \$1,894,508
Total Estimated Net Effect on Other State Funds	Less than \$1,578,758	Less than \$1,894,508	Less than \$1,894,508

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	Less than \$526,523	Less than \$631,503	Less than \$631,503

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:

- Modify office procedure manuals with fee references;
- 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) – FY 2015

Administrative Analyst -	200 hrs @ \$25 (1 ½) per hr =	\$5,000
Management Analyst Specialist II -	240 hrs @ \$24 per hr =	\$5,760
Revenue Band Manager -	40 hrs @ \$31 per hr =	<u>\$1,240</u>
	Total =	\$12,000

Personnel Service Bureau (PSB) –FY 2015

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 @ \$23 per hr =	\$920
2 Management Analysis Specialist 1 -	160 hrs @ \$21 per hr =	<u>\$3,360</u>
	Totals =	\$4,280

ASSUMPTION (continued)

OA-ITSD Impact

Due to the programming effort required, the Department requests the sponsor consider effective date be extended beyond August 28, 2014.

- Missouri Electronic Driver's Licenses - Central Issuance System (MEDL-CI) and Central Driver Issuance System (CDIS) will have to make changes to the testing process and accounting for the fee collection. They will have to create new screens to display test data

These proposed changes in this section will require:

- MEDL-CI: 340 hours
- CDIS: 160 hours

The IT fiscal impact is estimated with a level of effort valued at \$13,650 calculated on 500 FTE hours.

In summary, DOR assumes a cost of \$29,930 (\$12,000 + \$4,280 + \$13,650) in FY 2015 to provide for the implementation of the changes in this 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 (21,255), F (210,817) and M (20,529) written examinations with a failing score requiring retake of the examination during calendar year 2013 was 252,601.

The estimated annual revenue increase from non-commercial written examinations which may be taken more than once in FY 2015 is \$2,105,010 (252,601 x \$10 (proposed fee) = \$2,526,010/12 = \$210,501x10 months). Estimated distribution of fees:

FY 2015

\$2,105,010 x 75% = \$1,578,758 to Highway Fund

\$2,105,010 x 15% = \$315,752 to Cities

\$2,105,010 x 10% = \$210,501 to Counties

KC:LR:OD

ASSUMPTION (continued)

FY 2016 and FY 2017

\$2,526,010 x 75% = \$1,894,508 to Highway Fund

\$2,526,010 x 15% = \$378,902 to Cities

\$2,526,010 x 10% = \$252,601 to Counties

Oversight assumes the number of failed drivers' licence examinations 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 amount provided by the Department of Revenue.

Officials from the **Department of Transportation** concur with the Department of Revenue regarding any potential fiscal impact to their organization.

Officials from the **Department of Elementary and Secondary Education** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Public Safety - Missouri Highway Patrol** state that currently, the Patrol has 143 written test locations. Of those test locations, 124 of the 143 are staffed by traveling crews due to the rural, less populated areas of the state. The 19 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 78 of the 124 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 41 written test locations are still conducting written tests by use of pencil and paper.

Transferring test data electronically at these 41 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.

ASSUMPTION (continued)

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. Therefore, the Highway Patrol anticipates no fiscal impact.

This proposal would increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Cost - DOR</u>	<u>(\$29,930)</u>	<u>\$0</u>	<u>\$0</u>
Administrative Cost			
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$29,930)</u>	<u>\$0</u>	<u>\$0</u>
 HIGHWAY FUND			
<u>Revenue - DOR - Increase from non- commercial written exam fees (\$10)</u>	Less than <u>\$1,578,758</u>	Less than <u>\$1,894,508</u>	Less than <u>\$1,894,508</u>
ESTIMATED NET EFFECT TO THE HIGHWAY FUND	<u>Less than \$1,578,758</u>	<u>Less than \$1,894,508</u>	<u>Less than \$1,894,508</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Cities - Increase from non-commercial written exam fees (\$10)	Less than \$315,752	Less than \$378,902	Less than \$378,902
<u>Revenue</u> - Counties - Increase from non-commercial written exam fees (\$10)	Less than <u>\$210,501</u>	Less than <u>\$252,601</u>	Less than <u>\$252,601</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>Less than</u> <u>\$526,253</u>	<u>Less than</u> <u>\$631,503</u>	<u>Less than</u> <u>\$631,503</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.

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 Public Safety
Department of Elementary and Secondary Education
Department of Transportation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA
Director
January 14, 2014

Ross Strobe
Assistant Director
January 14, 2014