

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4273-01
Bill No.: HB 1107
Subject: Motor Vehicles; Insurance - Automobile; Licenses - Drivers; Licenses - Motor Vehicles
Type: Original
Date: March 6, 2014

Bill Summary: This proposal changes the laws regarding motor vehicle licenses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Could Exceed \$100,000)	(Could Exceed \$100,000)	(Could Exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Could Exceed \$100,000)	(Could Exceed \$100,000)	(Could Exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal will have no fiscal impact on their organization.

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

§ 303.030.1

Officials from the **Department of Revenue (DOR)** assume the proposed changes reduce the amount of processing time for the DOR to make a determination of fault and set a security amount for damages caused by an uninsured motorist involved in an accident (evaluation process) from within 20 days after a motor vehicle accident report is received, to within 72 hours after a motor vehicle accident report is received.

Administrative Impact

The changes in this proposal require the DOR to edit and key accident reports into the Missouri Driver License System (MODL) and complete the evaluation process within 72 hours. Existing staff is able to meet the current 20-day turnaround time based on the volume of accident reports received. Although this legislation will not increase the amount of accident reports received, this proposal will result in an 85% reduction in processing time.

- The Driver's License Bureau (DLB) assumes one (1) Revenue Processing Technician I (RPT I) (Range 10/Step L) will need to be hired to assist the area in meeting the reduced turnaround time.

The changes also require the DOR to complete the evaluation process before having all necessary information on file to determine which party or parties were uninsured at the time of the accident, which party or parties were at fault in the accident and to set a security amount for damages. This could result in the potential for citizens to be wrongly suspended for no insurance, inaccurate determinations of fault being made and other involved party's damages being excluded from the evaluation process. This would increase the number of customers contacting the DOR and complaining either through incoming calls or written correspondence. DLB assumes that each accident report processed would be a potential customer complaint based on this change.

ASSUMPTION (continued)

- In FY '13, there were a total of 6,732 accident reports processed. Assuming the same number of accident reports would be received in FY '15, DLB would receive an additional 27 customer contacts daily.
- An RPT I can handle 30 customer contacts daily. The DOR will need to hire one (1) RPT I (Range 10/Step L) to handle the increased number of contacts.

This change would increase administrative hearings currently held by the DOR, as provided under Section 303.290, RSMo, for persons aggrieved by actions taken pursuant to Chapter 303.

Based on citizens potentially being erroneously suspended and inaccurate determinations of fault being made due to the time requirements set under these provisions, the DOR assumes 40% of accident reports processed would result in an administrative hearing. Less the current hearing rate of 3% in FY '13, this would result in a 37% increase in administrative hearings ($40\% - 3\% = 37\%$). Assuming the same number of accident reports would be received in FY '15, this would result in an additional 50 hearings per week.

- An Appeals Referee I can conduct 14 accident hearings per week and issue the findings of fact and conclusions of law within 90 days. The DOR will need to hire four (4) Appeals Referees I (Range 24/Step N) to conduct hearings and issue final decisions.
- A new hearing room will need to be constructed and equipped with furniture and digital recording devices to handle the increased number of hearings being held.

A docket clerk is required to process 75 hearing requests per week in addition to handling all incoming telephone calls, responding to correspondence, documenting evidence and other related legal secretary duties as needed.

- DLB will need to hire one (1) Senior Office Support Assistant (Senior OSA - keyboarding) (Range 12/Step M) to handle the increased workload.
- There will be additional mailing costs for the increased hearing decisions issued. The number of hearing decisions mailed is (at least) double the amount of hearing decisions issued, as a copy is mailed to the damaged party and his or her legal representative ($2,491$ decisions issued yearly $\times 2 = 4,982$). Decisions mailed to the party being suspended are mailed certified and the copies mailed to the damaged party are mailed regular first-class.

ASSUMPTION (continued)

Mail Costs FY '15 (10 mos.)

Envelopes: $4,982 \times \$0.040 = \$199/12 \text{ mos. per yr.} = \$16.58 \times 10 \text{ mos.} = \166
Postage - certified: $2,491 \times \$3.26 = \$8,121/12 \text{ month} = \$676.72 \times 10 = \$6,767$
Postage - 1st class: $2,491 \times \$0.46 = \$1,146/12 \text{ months} = \$95.5 \times 10 = \underline{\$955}$

Total = \$7,888

FY '15 Total = \$7,888

FY '16 Total = \$9,703

FY '17 Total = \$9,945

There is a pending business decision with regard to how the Department of Revenue will program for the new time frames allotted in this proposal. If the Department decides it must send a separate notice for the security suspension and a separate notice for the mandatory suspension notice, the Department's fiscal request for mailing costs will be increased by no more than \$6,000 annually.

§ 303.030.2

The proposed changes eliminate the current 90-day processing time for the DOR to receive and process accident reports under Section 303.042, RSMo, and to make determinations of fault and set security amounts, by requiring the DOR to immediately suspend the license of each operator, and all registrations of each owner involved in an uninsured motor vehicle accident. The proposed change will require the same number of FTE and increased mail costs identified under the previous section..

Administrative Impact

FY '15

- DLB estimates 480 hours of system testing by one Administrative Analyst I and one Management Analyst Specialist II.

ASSUMPTION (continued)

Administrative Analyst I - 480 hrs @ \$25 (1 ½) per hr =	\$12,000
Management Analyst Spec II - 480 hrs @ \$23 per hr =	\$11,040
Revenue Band Manager I - 240 hrs @ \$25 per hr =	\$ 6,000
Update web site - Admin. Analyst III - 10 hrs @ \$23 per hr =	\$230
Update forms - Mgmt. Analyst Spec I - 40 hrs @ \$21 per hr =	\$840
Update procedures - Mgmt. Analyst Spec I - 40 hrs @ \$21 per hr =	<u>\$840</u>

Total = \$ 30,950

Note: Due to the length of time required for programming and testing, DLB requests an implementation date of April 6, 2015.

§ 303.042.2(3)

This proposal changes the suspension period for a 3rd/subsequent violation of not maintaining financial responsibility from one year to two years.

Administrative Impact

FY `15

- DLB estimates 40 hours of system testing by one Administrative Analyst I and one Management Analyst Specialist II.
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- Due to the language of this section the fiscal impact is based on evaluation of all accident system programs, programming and testing time. Total ITSD Hours are estimated at 728 hours at a cost of \$19,874 in FY `15.

Administrative Analyst I - 40 hrs @ \$25 (1 ½) per hr =	\$1,000
Management Analyst Spec II - 40 hrs @ \$23 per hr =	\$920
Revenue Band Manager I - 20 hrs @ \$25 per hr =	\$500
Update web site - Admin. Analyst III - 10 hrs @ \$23 per hr =	\$230
Update forms - Mgmt. Analyst Spec I - 10 hrs @ \$21 per hr =	\$210
Update procedures - Mgmt. Analyst Spec I - 10 hrs @ \$21 per hr =	\$210
Evaluation of system programing and testing - 728 hrs @ \$27.30 hr =	<u>\$19,874</u>

Total = \$22,944

ASSUMPTION (continued)

In summary, DOR assumes a cost of \$61,782 (\$7,888 + \$30,950 + \$22,944) in FY 2015, \$9,703 in FY 2016 and \$9,945 in FY 2017 to provide for the implementation of the changes in this proposal. These totals do not include the cost of the 7 FTE's mentioned above.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some the costs related to this proposal. Since Oversight assumes DOR could absorb some of the cost, Oversight will estimate a fiscal impact of 'Could Exceed \$100,000' to the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Cost - DOR</u>	(Could Exceed	(Could Exceed	(Could Exceed
Administrative cost	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(Could Exceed \$100,000)</u>	<u>(Could Exceed \$100,000)</u>	<u>(Could Exceed \$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 changes the laws regarding motor vehicle licenses.

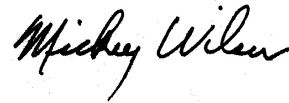
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue

Department of Insurance, Financial Institutions and Professional Registration

Department of Transportation



Mickey Wilson, CPA
Director
March 6, 2014

Ross Strobe
Assistant Director
March 6, 2014