

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5990-01  
Bill No.: HB 2330  
Subject: Motor Vehicles; Revenue, Department of  
Type: Original  
Date: February 8, 2016

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Bill Summary: This proposal establishes a regulatory system for transportation network companies.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Less than \$10,000)	\$40,000	\$40,000
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Less than \$10,000)</b>	<b>\$40,000</b>	<b>\$40,000</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Insurance Dedicated Fund	Up to \$1,000	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Up to \$1,000</b>	<b>\$0</b>	<b>\$0</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 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on <u>All</u> 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 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state the department expects that the top 20 auto carriers will file policy amendments as a result of this legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$1,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the department will need to request additional staff to handle increase in workload.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assume the proposal will have no fiscal impact on their organization.

MHP state they receive \$22 in revenue per background check provided (\$2 from FBI background checks and \$20 from state background checks). MHP also states that it is unknown how many transportation network companies will require background checks.

Officials from the **Department of Transportation** assume the proposal will have no fiscal impact on their organization.

**Oversight** conducted some research and found several such transportation network companies (Uber, Lyft, Sidecar, Flywheel, Curb, Hailo, Summon, and Shuddle) that could apply for an annual permit to operate in Missouri. Therefore, Oversight will reflect revenues of \$40,000 (assumed 8 companies x \$5,000 annual permit fee per \$387.604) in FY 2017, FY 2018 and FY 2019 for this proposal.

**Oversight** assumes the Department of Revenue (DOR) will incur administrative and programming costs to implement the requirements of this proposal and will reflect a cost of "Less than \$50,000" in FY 2017.

ASSUMPTION (continued)

**This proposal will increase total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE</b>			
<u>Revenue - DOR</u> Permit fees of \$5,000 - §387.604	\$40,000	\$40,000	\$40,000
<u>Cost - DOR</u> Administrative and programming costs	(Less than \$50,000)	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE</b>	<b>(Less than \$10,000)</b>	<b><u>\$40,000</u></b>	<b><u>\$40,000</u></b>
<b>INSURANCE DEDICATED FUND</b>			
<u>Revenue - DIFP</u> \$50 filing fee for policy amendments	<u>Up to \$1,000</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE INSURANCE DEDICATED FUND</b>	<b><u>Up to \$1,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small transportation businesses could be impacted by this proposal.

FISCAL DESCRIPTION

This proposal outlines the new regulatory treatment of transportation network companies (TNCs), providing that the provisions within the proposal exclusively govern TNCs.

FISCAL DESCRIPTION (continued)

It provides that TNCs are not common carriers or for-hire vehicle services, and that TNCs are not required to register any vehicle a driver may use to provide prearranged rides.

The proposal further provides that, beginning August 28, 2016, a TNC will apply for an annual permit from the Department of Revenue to do business within the state of Missouri, and maintain the insurance coverage requirements provided.

A TNC driver or the TNC company, on the driver's behalf, is required to maintain primary automobile insurance coverage as specified in the proposal. The policy of insurance must recognize that the driver uses the vehicle to transport riders for compensation while logged onto the TNC's digital network.

The company is required to notify a TNC driver of the insurance coverage provided by the TNC and to also notify a driver that his or her own personal automobile insurance policy may not provide coverage because the driver uses a vehicle in connection with the TNC service.

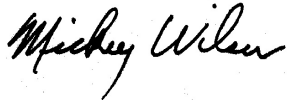
Automobile insurers in Missouri may exclude or limit any and all insurance coverage provided to owner's or operator's of personal vehicles while logged into a TNC's digital network for the purpose of transporting persons or property for compensation.

A TNC company will not allow anyone to act as a TNC driver if he or she has more than three moving violations or one major violation in the past three years, has been convicted of any enumerated crimes in the past seven years, is on the National Sex Offender Registry, does not possess a driver's license, does not have proof of vehicle registration or automobile liability insurance, or is not at least 19 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 Transportation  
Department of Public Safety  
Missouri Highway Patrol  
Department of Insurance, Financial Institutions and Professional Registration



Mickey Wilson, CPA  
Director  
February 8, 2016

Ross Strobe  
Assistant Director  
February 8, 2016