

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1485H.01I
Bill No.: HB 604
Subject: Licenses - Motor Vehicle; Revenue, Department of
Type: Original
Date: February 3, 2021

Bill Summary: This proposal modifies provisions relating to certificates of self-insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

ADMINISTRATIVE IMPACT - Driver License Bureau (DLB)

§303.220.1

Currently, 20 religious organizations participate in Missouri's Self-Insurance Program because their religious beliefs "prohibit" their members from purchasing insurance. The proposed legislation revising "prohibits" to "discourages" will significantly increase the number of religious denominations qualifying for self-insurance. This presumption is based on a religious organization only being required to "discourage" its members from purchasing insurance, rather than "prohibiting" (forbidding) the purchase of insurance.

To implement the proposed changes, the Driver License Bureau will be required to:

- Update forms and correspondence;
- Update procedures and Department website;
- Revise Administrative Rules; and
- Train Staff

FY 2022 – Driver License Bureau

Research/Data Assistant	120 hrs. @ \$15.98 per hr.	= \$1,918
Research/Data Analyst	120 hrs. @\$23.82 per hr.	= \$2,858
Administrative Manager	80 hrs. @\$22.24 per hr.	= \$1,779
Total		<u>\$6,555</u>

FY 2022 – Personnel Services Bureau

2 Associate Research/Data Analyst	40 hrs. @\$19.08 per hr. X 2 =	\$1,526
-----------------------------------	--------------------------------	---------

Total FY 2022 Cost

\$8,081

FTE Requirements

The Department issues the Certificate of Insurance and the insurance cards in the name of the Religious Organization rather than the members or vehicle owners' names. Part of the application process and yearly renewal requires the religious organization to provide a listing of all members, as well as the make, model, year, vehicle identification number (VIN), and license plate number for each vehicle covered by the Certificate of Self-Insurance. Every vehicle is researched and key-entered into our Department Self-Insurance Verification System (DSIV). This provides the local License Offices the ability to verify insurance compliance at the time of vehicle registration and renewal.

It takes an employee approximately two minutes to research and key each vehicle. The Department currently has one FTE (Account Assistant) to oversee the Self-Insurance Programs.

6,070	Current vehicles with religious exemption
X 4	Estimated increase in religious exemptions
24,280	Estimated Total participants of the religious exemption
X 2	Number Minutes to research and key each vehicle
48,560	Total minutes
/ 60	Number of minutes per hour
809	Total number of FTE hours needed for DSIV research and entry
/ 8	Hours per day
101	Total days needed to process religious vehicle listings
/ 252	Work days per year
.4	TOTAL FTE (Account Clerk- \$26,340)

For the purposes of this fiscal note, the Department will round the fiscal note requirement down to **0 FTE**. Changing the requirement to be eligible for the religious exemption to insurance from “prohibited” to “discouraged” could potentially result in an increase in individuals claiming this exemption. If the increase is more significant than anticipated, FTE will be requested from the appropriations process.

Increased Cost for Self-Insurance Card Stock

The Department prints all Self-Insurance Cards on secure-card stock to prevent fraud. Six insurance cards are printed on each 8 x 10 sheet. The cost per sheet is \$0.12.

172,856-	Number of vehicles requiring an insurance card
/ 6 -	Number of cards printed per sheet
28,809	Number of 8 x 10 card stock sheets
X \$.12	Cost per sheet
\$3,457	Total cost for additional card stock

Increased Cost for Envelopes and Postage

The Department mails large envelopes containing the quantity of insurance cards needed for each self-insured organization. Postage is determined based on the weight of each envelope, which contains different quantity volumes of cards. This varies based on the number of members and vehicles insured under each self-insurance certificate issued. Each envelope will hold approximately 350 pages x 6 per page = 2100 cards.

Envelopes

28,809	Number of card-stock sheets
/ 350	Number of sheets per envelope
82	Total Envelopes
X \$.99	Cost per Envelope
\$81	Total Cost of Envelopes

Postage

82	Total Envelopes
X \$7.00	Estimated postage cost per envelope
\$ 574	Total cost for postage

FY 2022 Total Cost for card stock, envelopes, and postage (\$3,457+ \$81 + \$ 574) =

\$4,112/12=\$343x10 = **\$3,430**

FY 2023 Total Cost for card stock, envelopes, and postage (\$3,457+ \$81 + \$ 574) = **\$4,214**
 (inflation added)

FY 2024 Total Cost for card stock, envelopes, and postage (\$3,457+ \$81 + \$ 574) = **\$4,320**
 (inflation added)

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the 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.

Officials from the **Department of Commerce and Insurance** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<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.

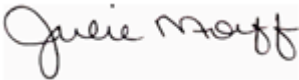
FISCAL DESCRIPTION

This bill allows any religious denomination that discourages its members from purchasing insurance as being contrary to its religious tenets, but has more than 25 members with motor vehicles, to qualify as a self-insurer by obtaining a self-insurance certificate issued by the Director of the Department of Revenue. Currently, a religious denomination can only qualify if it prohibits its members from purchasing insurance of any form.

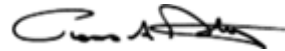
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Commerce and Insurance



Julie Morff
Director
February 3, 2021



Ross Strobe
Assistant Director
February 3, 2021