

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1485H.01P  
Bill No.: Perfected HB 604  
Subject: Licenses - Motor Vehicle; Revenue, Department of  
Type: Original  
Date: April 7, 2021

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Bill Summary: This proposal modifies provisions relating to the regulation of insurance.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                 | <b>FY 2022</b> | <b>FY 2023</b> | <b>FY 2024</b> |
|  |                |                |                |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

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

Numbers within parentheses: () indicate costs or losses.

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

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) |          |          |          |
|--|----------|----------|----------|
| FUND AFFECTED                                      | FY 2022  | FY 2023  | FY 2024  |
|  |          |          |          |
|  |          |          |          |
| <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 \$250,000 in any of the three fiscal years after implementation of the act.

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

| ESTIMATED NET EFFECT ON LOCAL FUNDS |            |            |            |
|-------------------------------------|------------|------------|------------|
| FUND AFFECTED                       | FY 2022    | FY 2023    | FY 2024    |
|                                     |            |            |            |
| <b>Local Government</b>             | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

## 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     | <b>TOTAL FTE (Account Clerk- \$26,340)</b>                   |

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                                 |
| <b>\$3,457</b> | <b>Total cost for additional card stock</b>    |

#### 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 = 2,100 cards.

Envelopes

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

Postage

|               |                                     |
|---------------|-------------------------------------|
| 82            | Total Envelopes                     |
| X \$7.00      | Estimated postage cost per envelope |
| <b>\$ 574</b> | <b>Total cost for postage</b>       |

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.

House Amendment 2 – Continuing Education Credits for Insurance Producers

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.

Rule Promulgation

In response to proposals with similar rule promulgation language, officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to proposals with similar rule promulgation language, officials from the **Office of the Secretary of State** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act.

The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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

| <u>FISCAL IMPACT –<br/>Local Government</u> | FY 2022<br>(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.

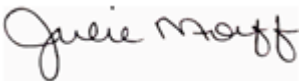
#### FISCAL DESCRIPTION

This proposal modifies provisions relating to the regulation of insurance.

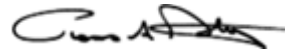
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Department of Commerce and Insurance  
Office of the Secretary of State  
Joint Committee on Administrative Rules

A handwritten signature in cursive script, appearing to read "Julie Morff", written in black ink on a light-colored background.

Julie Morff  
Director  
April 7, 2021

A handwritten signature in cursive script, appearing to read "Ross Strobe", written in black ink on a light-colored background.

Ross Strobe  
Assistant Director  
April 7, 2021