

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1532S.04C  
Bill No.: SCS for HCS for HB 655  
Subject: Aircraft and Airports; Banks and Financial Institutions; Credit and Bankruptcy;  
Insurance - General; Insurance - Property; Department of Commerce and  
Insurance; Mortgages and Deeds; Corporations; Workers' Compensation;  
Interstate Cooperation; Insurance - Automobile  
Type: Original  
Date: April 24, 2023

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Bill Summary: This proposal enacts provisions relating to property and casualty insurance.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
General Revenue Fund*	(Up to \$621,456)	(Could exceed \$568,469)	(Could exceed \$568,469)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Up to \$621,456)</b>	<b>(Could exceed \$568,469)</b>	<b>(Could exceed \$568,469)</b>

\*Oversight notes the above cost are associated with the OA's supplemental charges by the SIF. Oversight notes this is a **continuance** of an existing supplemental surcharge authority that is currently set to expire at the end of 2023. Oversight reflects the maximum beginning in FY 2024 (6 Mo) and annually after.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
Highway Fund	\$0	\$50,882	\$101,760
Motor Vehicle Financial Responsibility Verification and Enforcement Fund	\$0	Less than (\$30,677) to could exceed \$100,723	Less than (\$61,353) to could exceed \$201,447
Missouri Office of Prosecution Services Fund*	\$0	\$0	\$0
State Road Fund (0320)	Up to (\$45,000)	Up to (\$90,000)	Up to (\$90,000)
Colleges & Universities	(Unknown)	(Unknown)	(Unknown)
Second Injury Fund (0653)**	Up to \$8,144,251	Up to \$16,288,501	Up to \$16,288,501
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Up to \$8,099,251</b>	<b>Up to \$16,299,224</b>	<b>Up to \$16,399,948</b>

Numbers within parentheses: () indicate costs or losses.

\*Revenue and costs are anticipated to net to zero by the Missouri Office of Prosecution Services

\*\*This proposal (§287.715) extends the sunset date of an up to a 2.5% supplemental surcharge authority paid into the Second Injury Fund. Currently it is set to expire on December 31, 2023.

The proposal extends the date to 2026. Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<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 or at full 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**§287.715 – Sunset extension of 1% Supplemental Surcharge**

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposal will have no additional fiscal impact, beyond its current collection amount, on their organization.

**Oversight** notes the current law, as per SB 303 (TAFP) and signed by the Governor in 2021, requires that Missouri employers contribute a 2.5% supplemental surcharge into the Second Injury Fund for calendar year 2023.

**Oversight** notes, on average, DOLIR collects \$16.28 million for each 1% of supplemental surcharge from Missouri employers each fiscal year. (Please see the breakdown of charges for last five years below).

**Oversight** extracted DOLIR’s Second Injury Fund surcharge collections from 2017 to 2021 period shown below:

<b>CY</b>	<b>5% - 6 % Collections</b>	<b>1% collections</b>	<b>FY 1% Surcharge Collections</b>
<b>2017</b>	\$ 107,413,994	\$ 17,902,332	
<b>2018</b>	\$ 102,442,325	\$ 17,073,721	\$ 17,488,027
<b>2019</b>	\$ 86,683,062	\$ 17,336,612	\$ 17,205,167
<b>2020</b>	\$ 87,401,807	\$ 14,566,968	\$ 15,951,790
<b>2021</b>	\$ 84,308,838	\$ 14,451,073	\$ 14,509,021
			<b>\$ 16,288,501</b>

<https://labor.mo.gov/data>

**Oversight** calculated the potential impact to the SIF for FY 2024, and beyond, by dividing the total FY annual collections by 4 years totaling \$16,288,501 (\$65,154,004/4).

**Oversight** shows the potential maximum collection in FY 2024 to FY 2026 below:

<b>Fiscal Year</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Totals</b>	\$16,288,501	\$16,288,501	\$ 16,288,501

Therefore, **Oversight** will note the continued positive fiscal impact to the Second Injury Fund in the fiscal note in FY 2024 (6 Mo.), FY 2025 and FY 2026.

**Oversight** notes, upon further conversation with the DOLIR, the Department annually reviews the Actuarial Report determining the solvency of the fund. The Director, as per RSMO 287.690 is also required to announce the relevant rate no later than October 31, each year, in order to adjust the rate accordingly.

**Oversight** notes, as per conversation with the DOLIR, the DWC announced the rate for CY 2023 and set the rate at 0% surcharge. Therefore, **Oversight** will note the maximum impact Up to potential 1% collection amount \$16,288,501 (as the maximum allowed collection amount per the proposal if 1% is announce by the DOLIR by October 31<sup>st</sup> of 2023) in the fiscal note.

In response to a similar proposal from this year (SB 521), officials from the **Missouri Department of Transportation (MoDOT)** and the **Office of Administration (OA)** both assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal from 2021 (SB 303), officials from MoDOT noted:

Currently, MoDOT pays a 3% Second Injury Fund (SIF) surcharge and a supplemental rate of 0%. This amount will vary based on each year's premiums, but for 2020, they paid \$405,512 for the SIF surcharge and \$270,347 for the supplemental rate. They pay quarterly, but these are the annual figures.

2017-2019 had a 3% SIF surcharge and a 3% supplemental rate. They paid the following annually:

2019 - \$400,919 for each (surcharge and supplemental)

2018 - \$403,463 for each

2017 - \$413,749 for each

**Oversight** notes that MoDOT pays approximately \$270,000 annually for 3% supplemental surcharge up to date; therefore, **Oversight** will show \$90,000 in FY 2021 and beyond as a representing the 1% supplemental charge collected beginning in FY 2024.

In response to a similar proposal from 2021 (SB 303), officials from the **Office of Administration (OA)** assumed:

Section 287.715.6 – This legislation changes the maximum supplemental surcharge from 3% to 2.5% in CY 2023. If the division of workers' compensation collects the maximum of 2.5%, this change could decrease the total supplemental surcharge the state would pay by a total of \$184,156.20 for GR and \$2,953.11 for Conservation.

However, the division of workers' compensation currently collects 2%, which is less than their maximum allowed amount; therefore, the proposed legislation would result in an increase in

costs to the state as compared to the actual amount collected by the division of workers' compensation. This is based on expenditures shown below for 3% SIF and 2% surcharge:

FY21 expenditures for CY2020 taxes GR: \$1,841,562.00  
FY21 expenditures for CY2020 taxes Conservation: \$29,531.06

Increasing the surcharge to 2.5% could increase GR costs by \$184,156.20 and Conservation by \$2,953.11. Current figures based on 2020 payroll, 2020 insurance rates and 2020/21 experience modification. Other factors that could increase/decrease FY22/23 would be CY2021/22 payroll, insurance rates and experience modification changes.

**Summary of OA's surcharge paid into SIF:**

FY	Summary of Total Tax Collected into Second Injury Fund by OA
2022	\$ 2,492,987
2021	\$ 2,539,533
2020	\$ 2,482,810
2019	\$ 2,539,133
2018	\$ 3,268,504
Average	\$ 2,664,593

Source: [https://oa.mo.gov/sites/default/files/FY\\_2020\\_Executive\\_Budget\\_Final.pdf](https://oa.mo.gov/sites/default/files/FY_2020_Executive_Budget_Final.pdf)

**Oversight** notes that the OA pays its Workers' Compensation tax and Second Injury Fund assessments based on billings received from the Department of Revenue and the Division of Workers' Compensation.

**Oversight** notes MoDOT and OA both will be required to continue to make up to 1 % surcharge supplemental payments into the Second Injury Fund because of the extension of the surcharge payment until 2028 under the proposal. Therefore, Oversight will note a negative fiscal impact of **\$81,209** to MoDOT's State Road Fund. Additionally, Oversight will note Up to an average 1 % surcharge tax expense of **\$532,919** ( $\$2,664,593 / 5 \times 1$ ) to the general revenue in the fiscal note, until FY 2026.

In response to a similar proposal from this year (SCS for SB 521), officials from the **City of Kansas City** assumed the proposal will have an undetermined positive fiscal impact.

In response to a similar proposal from this year (SCS for SB 521), officials from the **City of Springfield** assumed the proposal would have an undetermined negative fiscal impact.

In response to a similar proposal from this year (SB 521), officials the **City of Saint Louis – Budget Division** noted:

The proposal reduces the supplemental surcharge charged to employees who pay into the state's Second Injury Fund from 3% to 2.5% and extends the supplemental surcharge until 2028. The City of St. Louis pays \$859,714 annually into this fund. This fee is made up of the 3% surcharge plus a 1% supplemental surcharge. Reducing the supplemental surcharge from 3% to 2.5% will have no fiscal impact on the City because the City currently pays a 1% supplemental surcharge. However, extending the supplemental surcharge until 2028 will have a fiscal impact. Extending this supplemental surcharge will keep the City's payment at \$859,714 annually until 2028; if the supplemental surcharge were allowed to sunset, the City's payment would be \$644,785 a decrease of \$214,928. Extending the supplemental surcharge will cost the City a total of \$1M (\$214,928 x 5) over the next five years until 2028.

The above local political subdivisions noted the proposal would have a direct fiscal impact on their organizations due to the extension of the supplemental surcharge beyond CY 2023. Therefore, **Oversight** will reflect a negative unknown cost to the local political subdivisions in the fiscal note until FY 2026.

In response to a similar proposal from this year (SB 521), officials from the **University of Central Missouri** assumed the proposal will have no fiscal impact on their organization.

**Oversight** notes colleges and universities will be responsible for a continuous payment, 1 % supplemental surcharge, to be submitted on behalf of its employees if DOLIR announce the 1% new rate for FY 2024. Therefore, **Oversight** will reflect a negative unknown cost to the colleges and universities in the fiscal note.

#### §§287.900 – 287.920- Missouri Employers Mutual Insurance Company

**Oversight** notes Sections 287.900 – 287.920 RSMo, creating the Missouri Employers Mutual Insurance Company were established in law in 1993 (SB 251) and the sections have not been altered in subsequent years.

#### §§303.039 - 303.440 – Motor Vehicle Financial Responsibility

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

#### Administrative Impact

The proposal requires the Department to establish and maintain a web-based system for online insurance verification. The system's goal is to identify uninsured motorists in the most effective way. To establish the objectives, details, and deadlines for the system, the Department must create an advisory council, which consists of representatives from the insurance industry who will also serve as voting members. To implement and enforce the program and to require real-time reporting, administrative rules will be promulgated.

The proposal allows the Department to contract or consult with a third-party vendor who has implemented a similar program in other states to create the web-based system if the Missouri

Office of Prosecution Services declines to enter into the contract; however, there is no initial funding provided in the proposal to fund a third-party vendor. As such, OA-ITSD will be responsible for the development, implementation, and maintenance of the system, unless funding becomes available. The OA-ITSD cost will be shown later in this response.

An online “real-time” insurance verification system will allow law enforcement to verify compliance with the Financial Responsibility Law at the time of roadside-traffic stops and motor vehicle crash investigations. This will result in an increase in the number of “no insurance” citations being issued by law enforcement to motor vehicle operators or owners. Missouri currently has approximately 7.1 million registered vehicles. The uninsured vehicle rate in Missouri is believed to be approximately 13 percent.

This equates to 923,000 uninsured vehicles possibly being operated on Missouri roadways, not including out-of-state vehicles. It is unclear how many citations will be issued annually and of those, how many will result in a court conviction. According to statistics maintained by the Missouri Attorney General’s Office, in 2019, there were 1,524,640 traffic stops in this state. This shows 21% of the motor vehicles registered are stopped annually ( $1,524,640/7,100,000 = 21\%$ ). This may result in the Department receiving 193,830 convictions ( $923,000 \times 21\%$ ) annually.

A court sends the conviction either electronically or by paper to the Department to post to the driver record and assess four points. (§303.025.3). The Department currently receives approximately 14% of all traffic convictions by paper ( $193,830 \times 14\% = 27,136$ ). An Associate Customer Service Representative (ACSR) can key 350 paper convictions daily.

27,136	Number of paper convictions received annually
<u>\ 252</u>	Number of working days per year
108	Convictions received daily
<u>\ 350</u>	Convictions processed per day
<b>0.31</b>	

This process will be absorbed by current FTEs. If the increase is more significant than anticipated or additional laws are passed that impact the staff who process these court orders, additional FTEs may be requested through the appropriations process.

The Department is required to issue point warning notices when a person accumulates four points on their driver record. No insurance convictions result in the assessment of four points. As such, each of these convictions will result in a point warning notice or a suspension notice for those individuals who have already accumulated points on their record prior to this point assessment.

193,830	Number of notices issued by the Department
<u>X \$.038</u>	Cost per letter



\$7,366	Total Annual Cost for letter
\ <u>2</u>	Half of FY 2025 after law becomes effective
<b>\$3,683</b>	<b>FY 2025 Letter Cost (6 months only)</b>
<b>\$7,366</b>	<b>FY 2026 Letter Cost</b>
<b>\$7,366</b>	<b>FY 2027 Letter Cost</b>

193,830	Number of envelopes issued by the Department
X <u>\$.068</u>	Cost per envelope
\$13,180	Total Annual Cost for envelopes
\ <u>2</u>	Half of FY 2025 after law becomes effective
<b>\$6,590</b>	<b>FY 2025 Envelope Cost (6 months only)</b>
<b>\$13,180</b>	<b>FY 2026 Envelope Cost</b>
<b>\$13,180</b>	<b>FY 2027 Envelope Cost</b>

193,830	Number of notices issued by the Department
X <u>\$.55</u>	Cost for postage
\$106,607	Total Annual Cost for postage
\ <u>2</u>	Half of FY 2025 after law becomes effective
<b>\$ 53,304</b>	<b>FY 2025 Postage Cost (6 months only)</b>
<b>\$106,607</b>	<b>FY 2026 Postage Cost</b>
<b>\$106,607</b>	<b>FY 2027 Postage Cost</b>

In summary, **Oversight** notes the following costs for mailings:

	<b>FY 2024</b>	<b>FY 2025 (6 Mos.)</b>	<b>FY 2026</b>
<b>Mailings</b>	\$0	\$63,577	\$127,153

**DOR** notes this online system will also allow the Department and contract offices to verify insurance at the time a vehicle is registered or a registration is renewed both in-person and online. The registration or renewal will be denied if insurance is not confirmed.

The proposal allows the Department to suspend registration of a vehicle if it has reason to believe a vehicle is uninsured. Currently, the Department enforces compliance with the insurance law in the following ways:

- If an owner fails to show proof of insurance at the time of registration, registration or renewal of registration is denied;
- A no insurance conviction assesses four points to a driver or owners driving record; and
- If an uninsured driver and owner are involved in an accident and it is reported to the Department pursuant to §303.040, the driver’s operating privilege and the owner’s vehicle registration is suspended.

The court also has the ability to enter an order suspending the driving privilege, pursuant to §303.025.3. In CY 2022, the Department received four court-ordered suspensions. The

Department does not have available data to determine an estimated volume of increase, but assumes it will be minimal enough to be absorbed by current FTE. If the increase is more significant than anticipated or additional laws are passed that impact the staff who process these court orders, additional FTE may be requested through the appropriations process.

The Department has no data that would help to determine how much of an increase in hearing requests the Department will receive, but assumes it will not cause additional FTE. If the increase in hearing requests is more significant than anticipated or additional laws are passed that affect the staff who mediate these hearings, additional FTE may be requested through the appropriations process.

**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.

To implement the proposed legislation, **DOR** states it will be required to:

- Perform programming changes and testing of the web-based online insurance system for a minimum of nine months, per bill provisions
- Create forms
- Update Department’s website
- Update Driver Guide
- Draft internal and external procedures
- Create an Advisory Council to establish the objectives, details, and deadlines for the system
- Draft Administrative Rules

FY 2025 – Driver License Bureau (DLB)

Associate Research/Data Analyst	450 hrs. @ \$20.54 per hr. = \$9,243
Research/Data Analyst	175 hrs. @ \$25.63 per hr. = \$4,485
Administrative Manager	60 hrs. @ \$27.82 per hr. = <u>\$1,669</u>
	<b>\$15,397</b>

This legislation will result in an unknown increase in hearings the Department will conduct in regards to appeals. If the increase in hearings is significant, the Department will request additional FTE through the appropriations process.

**Oversight** will reflect an “Unknown” cost to DOR for the administration of Sections 303.420 to 303.440, RSMo, in the Motor Vehicle Financial Responsibility Verification and Enforcement Fund.

**Oversight** assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

**DOR** notes OA-ITSD services will be required at a cost of **\$354,996** in FY 2024 (3,736.80 hours x \$95 per hour) and **\$35,500** in FY 2025 and FY 2026 (373.68 hours x \$95 per hour).

**Oversight** does not have any information to the contrary in regards to DOR’s assumptions; therefore, Oversight will reflect DOR’s OA-ITSD costs on the fiscal note.

Revenue Impact

**DOR** states if a no insurance conviction subsequently results in a point accumulation suspension, the individual will be required to pay a \$20 reinstatement fee. With a presumption that 10% of all convictions received will result in a suspension, the reinstatement fees collected would be:

193,830	Number of annual convictions
X 10%	presumed percent of suspensions
19,383	Number of annual point suspensions
X 35%	Percent that reinstate annually
6,784	Number of annual reinstatements from these suspensions
X \$20	Reinstatement fee per suspension
\$135,680	Reinstatement fees collected annually
\ 12	Number of months in a year
\$11,307	Increase in reinstatement fees collected monthly
X 6	Number of months in FY 2025 after law becomes effective
<b>\$67,842</b>	<b>Fees Collected in FY 2025 (6 months only)</b>

Fees collected will be distributed 75% Highway Fund, 15% Cities, and 10% Counties.

FY 2025

\$67,842 x 75% = \$50,882	Highway Fund
\$67,842 x 15% = \$10,176	Cities
\$67,842 x 10% = \$ 6,784	Counties

FY 2026

\$135,680 x 75% = \$101,760	Highway Fund
\$135,680 x 15% = \$20,352	Cities
\$135,680 x 10% = \$13,568	Counties

FY 2026

\$135,680 x 75% = \$101,760	Highway Fund
\$135,680 x 15% = \$20,352	Cities
\$135,680 x 10% = \$13,568	Counties

The fiscal impact estimated above is based on changes in the current Department’s Motor Vehicle and Driver Licensing system environment. The implementation of this legislation will be coordinated with the integration of the Department’s Motor Vehicle and Driver Licensing software system approved and passed by the General Assembly in 2020 (Senate Bill 176). To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

**Oversight** also notes this proposal creates the “Motor Vehicle Financial Responsibility Verification and Enforcement Fund”, which shall consist of money collected under Sections 303.420 to 303.440, RSMo. Oversight notes fees from the pretrial diversion program being established will be deposited into this fund.

**Oversight** notes the following misdemeanor convictions for violations of §303.025:

FY 2022	7,573
FY 2021	6,478
FY 2020	5,662
Average	6,571

There is no way to determine how much revenue will be collected as a result of this provision; however, Oversight will estimate that 5% to 25% of violators will participate in the diversion program.

$$6,571 \times 5\% = 329 \times \$200 \text{ (diversion participation fee)} = \$65,800$$
$$6,571 \times 25\% = 1,643 \times \$200 \text{ (diversion participation fee)} = \$328,600$$

**Oversight** notes because this is a diversion program, offenders may choose this option instead of paying a normal fine, which will result in a decrease in fine revenue to schools; therefore, Oversight will reflect an “Unknown” loss to schools. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula in following years.

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the following regarding this proposal:

If as contemplated in the bill, DOR enters into an agreement with MOPS to administer the financial responsibility enforcement and compliance incentive diversion program created in Section 303.425 [much like the MOPS equivalent in Oklahoma does] there will be fiscal impact.

First, there will be a positive fiscal impact to MOPS from its share of the diversion fees collected but that amount is not able to be determined at this time. The positive financial impact will depend on the number of diversion cases and the amount of the diversion fee MOPS is allowed to retain for administering the diversion program. At a minimum, based on the success of the

Oklahoma program, the positive fiscal impact should cover the cost of administering the diversion program and further replace revenue lost from significantly reduced bad checks restitution which has severely declined over the past decade, which in turn has significantly reduced the amount of revenue available to adequately fund the office in serving the state's prosecutors and circuit attorney.

Second, while MOPS plans on developing and implementing the diversion program with existing staff including the two FTEs (deputy general counsel and paralegal) added in the FY 2023 budget, there is the possibility of the need to add additional staff. MOPS will evaluate whether additional staff is needed at the end of the first year of implementation of the diversion program.

**Oversight** notes that the proposal allows DOR to enter into an agreement with a third party other than MOPS to administer the diversion program. For fiscal note purposes Oversight will assume DOR will enter into an agreement with MOPS and will reflect an “Unknown” increase in revenue for diversion fees and a “\$0 or Unknown” cost to MOPS for administering the program.

Bill as a whole:

Officials from the **Department of Commerce and Insurance**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety - Missouri Highway Patrol**, the **Missouri Department of Transportation**, **Kansas City**, the **City of O’Fallon**, the **City of Springfield** and the **Phelps County Sheriff** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a similar proposal from this year (SB 263), officials from the **Phelps County Sheriff**, **Kansas City Police Department**, **St. Joseph Police Department** and **St. Louis County Police Department** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other law enforcement agencies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>GENERAL REVENUE</b>			
<u>Cost – OA</u> Supplemental surcharge extended beyond 12/31/23 (§ 287.715.6) p. 3-7	Up to (\$266,460)	Up to (\$532,919)	Up to (\$532,919)
<u>Cost – DOR</u> OA-ITSD services (§§303.420 to 303.440) p. 7-13	(\$354,996)	(\$35,500)	(\$35,500)
<u>Transfer Out – to the Motor Vehicle Financial Responsibility Verification and Enforcement Fund</u> start-up expenses before revenue stream is established (§§303.420 to 303.440) p. 7-13	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(Up to \$621,456)</u></b>	<b><u>(Could exceed \$568,469)</u></b>	<b><u>(Could exceed \$568,469)</u></b>
<b>STATE ROAD FUND (0320)</b>			
<u>Cost - MoDOT</u> Supplemental surcharge extended beyond 12/31/23 § 287.715.6 (p.3-7)	Up to (\$45,000)	Up to (\$90,000)	Up to (\$90,000)

<b>ESTIMATED NET EFFECT ON THE STATE ROAD FUND</b>	<b><u>Up to</u> <u>(\$45,000)</u></b>	<b><u>Up to</u> <u>(\$90,000)</u></b>	<b><u>Up to</u> <u>(\$90,000)</u></b>
<b>HIGHWAY FUND</b>			
<u>Revenue</u> – reinstatement fees (§§303.420 to 303.440) p. 7-13	<u>\$0</u>	<u>\$50,882</u>	<u>\$101,760</u>
<b>ESTIMATED NET EFFECT ON THE HIGHWAY FUND</b>	<b><u>\$0</u></b>	<b><u>\$50,882</u></b>	<b><u>\$101,760</u></b>
<b>MOTOR VEHICLE FINANCIAL RESPONSIBILITY VERIFICATION AND ENFORCEMENT FUND</b>			
<u>Transfer In</u> – from General Revenue (§§303.420 to 303.440) p. 7-13	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<u>Revenue</u> – money collected (§§303.420 to 303.440) p. 7-13	<u>\$0</u>	<u>\$32,900 to \$164,300</u>	<u>\$65,800 to \$328,600</u>
<u>Cost</u> – DOR to administer program (§§303.420 to 303.440) p. 7-13	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Cost</u> – DOR – mailings (§§303.420 to 303.440) p. 7-13	<u>\$0</u>	<u>(\$63,577)</u>	<u>(\$127,153)</u>
<b>ESTIMATED NET EFFECT ON THE MOTOR VEHICLE FINANCIAL RESPONSIBILITY VERIFICATION AND ENFORCEMENT FUND</b>	<b><u>\$0</u></b>	<b><u>Less than (\$30,677) to could exceed \$100,723</u></b>	<b><u>Less than (\$61,353) to could exceed \$201,447</u></b>
<b>MISSOURI OFFICE OF PROSECUTION SERVICES FUND (0680)</b>			

<u>Revenue</u> – MOPS fees from diversion program (§§303.420 to 303.440) p. 7-13	\$0	Unknown	Unknown
<u>Cost</u> – MOPS costs to administer program (§§303.420 to 303.440) p. 7-13	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON THE MISSOURI OFFICE OF PROSECUTION SERVICES FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>SECOND INJURY FUND (0653)</b>			
<u>Revenue Gain</u> - Section 287.715.6 – supplemental surcharge extended beyond 12/31/23 p.3-7	<u>Up to</u> <u>\$8,144,251</u>	<u>Up to</u> <u>\$16,288,501</u>	<u>Up to</u> <u>\$16,288,501</u>
<b>NET EFFECT ON SECOND INJURY FUND</b>	<b><u>Up to</u></b> <b><u>\$8,144,251</u></b>	<b><u>Up to</u></b> <b><u>\$16,288,501</u></b>	<b><u>Up to</u></b> <b><u>\$16,288,501</u></b>
<b>COLLEGES AND UNIVERSITIES</b>			
<u>Cost</u> - § 287.715.6 – supplemental surcharge extended beyond 12/31/23 p.3-7	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

<u>FISCAL IMPACT</u> – Local Government	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue</u> (Cities 15%) reinstatement fees (§§303.420 to 303.440) p. 7-13	\$0	\$10,176	\$20,352



<u>Revenue</u> (Counties 10%) reinstatement fees (§§303.420 to 303.440) p. 7-13	\$0	\$6,784	\$13,568
<u>Loss</u> – Schools decreased in fine revenue for those who choose the diversion program over paying the standard fine (§§303.420 to 303.440) p. 7-13	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> - continuance of supplemental surcharge past beyond 12/31/2023 §287.715	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal due to the continuance of a 2.5% supplemental surcharge beyond FY 2023.

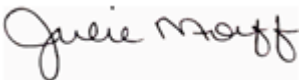
FISCAL DESCRIPTION

This proposal enacts provisions relating to property and casualty 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 Commerce and Insurance  
Department of Labor and Industrial Relations  
Department of Corrections  
Department of Revenue  
Department of Public Safety  
    Missouri Highway Patrol  
Office of Administration  
Office of the State Courts Administrator  
Missouri Office of Prosecution Services  
Kansas City  
City of Springfield  
City of O'Fallon  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Phelps County Sheriff  
Kansas City Police Department  
St. Joseph Police Department  
St. Louis County Police Department



Julie Morff  
Director  
April 24, 2023



Ross Strobe  
Assistant Director  
April 24, 2023