

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2953H.011
Bill No.: HB 1775
Subject: Department of Revenue; Licenses - Driver's; Licenses - Motor Vehicle; Children and Minors
Type: Original
Date: January 29, 2024

Bill Summary: This proposal modifies provisions relating to Department of Revenue fee offices.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$186,462)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$186,462)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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

To implement the proposed change, the Department would be required to:

- Complete business requirements and design documents to modify the Missouri Electronic Driver License (MEDL) issuance system, MEDL central applications and supporting systems to remove the fee for a nondriver for homeless child, youth, or an intermediate for emancipated youths.
- Complete programming and user acceptance testing of the Missouri Electronic Driver License (MEDL) issuance system;
- OA-ITSD Test the file generation and secure transfer process to ensure all required data elements and signature are sent as required;
- Obtain format and procedure approvals from Secretary of State and others as applicable;
- Update policies, procedures, and the Uniform License Issuance Manual (ULIM);
- Update forms, manuals, and the Department website;
- Complete training as required.

FY 2025 – Driver License Bureau

Research/Data Assistant 360hrs. @ \$19.38 per hr. =\$6,976

Research/Data Analyst 400hrs. @ \$28.89 per hr. =\$11,556

Administrative Manager 80 hrs. @ \$31.36 per hr. =\$2,508

FY 2025 – Personnel Services Bureau

Associate Research/Data Analyst 20 hrs. @ \$23.15 per hr. =\$463

Associate Research/Data Analyst 10 hrs. @ \$23.15 per hr. =\$231

Total Costs = **\$21,734**

Administrative Impact – Motor Vehicle Bureau

To implement the proposed legislation, the Department will be required to:

- Update the Missouri titling manual;
- Make changes to procedures, correspondence letters, forms, and the Department website;
- Provide License Offices and stakeholders these changes as applicable; and
- Train staff

FY 2025 - Motor Vehicle Bureau

Associate Research/Data Analyst 40 Hrs @ \$25.22 = \$1,009

Lead Admin Assistant 20 Hrs @ \$18.54 = \$371

Research/Data Analyst 10 Hrs @ \$27.00 = \$270

Administrative manager 5 Hrs @ \$29.31 = \$146

FY 2025 Strategy and Communications Office

Associate Research/Data Analyst 10 Hrs @ \$21.64 = \$216

Total Costs = **\$2,012**

The Department anticipates that they will be able to absorb these costs and that there will be minimal impact. If multiple bills are passed that require department resources, FTE may be requested through the appropriations process.

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.

DOR also notes OA-ITSD services will be required at a cost of **\$61,462** in FY 2025 (585.35 hours x \$105 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.

Fusion Integration Impact

DOR notes, this may disrupt work already developed/tested and require rework/re-test. The vendor recommends a July 2025 implementation date to reduce impact.

Vendor estimated:

- 400 hours (200 hours of development and 200 hours of testing)

Implementation Consultant 500 hrs. @ \$250 per hr. = **\$125,000**

The costs associated with these legislative changes may be outside of the current contract and identified programming work for DOR's incoming integrated system. As such, the department has included the potential costs associated with making the changes to the integrated system by the department's current vendor.

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 (SB 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 does not have information to the contrary and therefore, Oversight will reflect the implementation consultant costs as provided by DOR.

Revenue Impact

DOR notes during FY 2022 there were a total of 113,014 new non-driver licenses issued. DOR does not have statistics to determine of this count how many potential annual applicants may be eligible for a fee waiver under the proposed provisions, therefore the total impact to State and Local Revenue is unknown.

For each fee waiver eligible non-driver license issued pursuant to this proposed language in §302.181 there would be a loss to General Revenue of \$6.00.

During FY 2022 there were a total of 52,348 intermediate driver licenses issued. During FY 2023 there were a total of 54,028 new intermediate licenses issued. It is unknown how many potential applicants may be eligible for a fee waiver under the proposed provisions, therefore the total impact to state and local revenue is unknown; however, anticipates to be less than 100,000 applicants.

For each fee waiver eligible intermediate driver license issued pursuant to this proposed language in §302.178 there would be a loss of fees distributed to the Highway Fund and Local Funds for cities and counties as follows

Hwy Fund Loss (75%) = \$3.75
Cities Fund Loss (15%) = \$0.75
Counties Fund Loss (10%) = \$0.50

For each issued document, DOR would be required to pay fees to the card vendor for printing and postage costs of \$2.5571 per card.

There would also be a loss to Highways, Cities and Counties for office processing fees which would have been collected for non-driver or intermediate license transactions issued in State license offices eligible for waiver of fees pursuant to the proposed language in §136.055. An estimated volume of eligible applicants applying in State branch offices is unknown.

Office Processing Fee each New Non-driver License: \$12.00

Office Processing Fee for each Intermediate License: \$ 6.00

Oversight notes, according to the National Conference of State Legislatures (NCSL), as of January 2019, 6,179 individuals of all ages were homeless in Missouri. Of these, 1,359 were under the age of 18. Among the homeless youth and young adults, 477 were unaccompanied by an adult.

If all 1,359 of these homeless youth applied for a non-driver license or intermediate driver license, the loss would amount to approximately \$8,154 (1,359 x \$6). Oversight assumes there will be a minimal loss of revenue from this proposal; therefore, Oversight will not reflect a material loss of revenue to the Highway Fund or local political subdivisions.

Officials from the **Missouri Highway Patrol, Department of Social Services and Department of Elementary and Secondary Education** 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.

Officials from the **Missouri Department of Transportation** defer to the DOR for the potential fiscal impact of this proposal.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Cost – DOR – OA-ITSD services p. 4</u>	(\$61,462)	\$0	\$0
<u>Cost – DOR – Fusion implementation consultant p. 4</u>	(\$125,000)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$186,462)	\$0	\$0

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

Small contract license offices could be impacted as a result of this proposal.

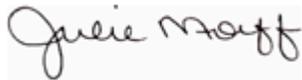
FISCAL DESCRIPTION

This proposal waives certain driver's license fees for homeless children or youth or unaccompanied youth.

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
Missouri Highway Patrol
Department of Social Services
Department of Elementary and Secondary Education
Missouri Department of Transportation



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January 29, 2024



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January 29, 2024