

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2953H.03P  
Bill No.: Perfected HCS for HB 1775  
Subject: Department of Revenue; Licenses - Driver's; Licenses - Motor Vehicle; Children and Minors  
Type: Original  
Date: April 4, 2024

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>Fully Implemented (FY 2029)</b>
General Revenue	\$537,603	\$1,646,415	\$1,646,415	\$1,762,356
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$537,603</b>	<b>\$1,646,415</b>	<b>\$1,646,415</b>	<b>\$1,762,356</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>Fully Implemented (FY 2029)</b>
Highway Fund	\$1,926,137	\$2,311,364	\$5,296,575	\$5,296,575
License Office Distribution Fund*	\$0	\$0	\$0	\$0
Motor Vehicle Commission Fund**	\$0	\$0	\$231,026	\$231,026
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$1,926,137</b>	<b>\$2,311,364</b>	<b>\$5,527,601</b>	<b>\$5,527,601</b>

\*Revenue and distributions net to zero. Officials from the Department of Revenue (DOR) estimate the annual distribution per open contract office from License Office Distribution Fund would be \$57,168.

\*\*Oversight notes Section B of House Amendment 1 to House Amendment 7 delays the effective date of the proposal to “as soon as technologically possible following the development and maintenance of a modernized, integrated system...” The Department of Revenue assumed the increase in revenue from the changes in the proposal will occur beginning in FY 2027 due to the delayed implementation of this legislation.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>Total Estimated Net Effect on FTE</b>	<b>0</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>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>Local Government</b>	<b>\$642,046</b>	<b>\$770,455</b>	<b>\$1,765,524</b>	<b>\$1,765,524</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §136.055 – License Office Distribution Fund

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

#### *Administrative Impact*

To implement these provisions for permit, driver license and nondriver license processing fees, the Department would be required to:

- Complete project request and monitoring documentation as required by OA ITSD for systems projects.
- Complete business requirements and design documents to modify the Missouri Electronic Driver License (MEDL) issuance system;
- Update the Missouri Transportation Accounting System (MTAS) and related tables used by the Missouri Electronic Driver License system (MEDL);
- Complete programming and user acceptance testing of the Missouri Electronic Driver License (MEDL) system to ensure system update with the required fee increase;
- Update policies, procedures, and the Uniform License Issuance Manual (ULIM);
- Update forms, manuals, and the Department website;
- Create new procedures, training manuals, notices, and forms;
- Update procedures, forms, and correspondence;
- Update associated fee charts, and the Department website;
- Update the Dealer Operating Manual;
- Update the Missouri Titling Manual;
- Send communications to contracted license offices and other contracted stakeholders;
- Complete programming and user acceptance testing;
- Update the Missouri Transportation Accounting System (MTAS) tables; and
- Train internal and contract license office staff.

#### FY 2025 Driver License Bureau

Research/Data Assistant 160 hrs. x \$19.38 = \$3,101

Research/Data Analyst 200 hrs. x \$28.89 = \$5,778

Administrative Manager 40 hrs. x \$31.36 = \$1,254

FY 2025 – Motor Vehicle Bureau

Research/Data Analyst 288 Hrs @ \$24.84/hr = \$7,154  
Associate Research/Data Analyst 673 Hrs @ \$19.90/hr. = \$13,393  
Lead Administrative Support Asst. 20 Hrs @ \$17.05 = \$341  
Administrative Manager 89 Hrs @ \$26.96 = \$2,399

FY 2025 – Strategy and Communications Office

Associate Research/Data Analyst 1,000 hrs. @ \$19.90/hr. = \$19,900  
Associate Research/Data Analyst 40 hrs. x \$23.15 = \$926

FY 2025 – General Counsel’s Office

Future legal challenges to the way the license office distribution fund collects and distributes funds could result in legal expenses for the state. If such litigation is significant, additional funding will be requested through the appropriations process.

FY 2025 License Offices Bureau

Staff Development Trainer 120 hrs. x \$21.79 = \$2,615  
Administrative Manager 120 hrs. x \$29.31 = \$3,518

Total Cost = **\$60,379**

**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** also notes OA-ITSD services will be required at a cost of **\$76,710** in FY 2025 (730.57 hours x \$105 per hour).

*Fusion Impact*

Motor Vehicle Bureau - Implementation Consultant \$250/hour x 100 hrs. = **\$25,000**  
License Office Bureau - Implementation Consultant 200 hrs. @ \$250 per hr. = **\$50,000**

The costs associated with these legislative changes may be outside of the current contract and identified programming work for the 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.

**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.

**DOR** notes the fiscal impact estimated above is based on changes in the current MO Electronic Driver License System and supporting application.

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.

Revenue Impact

**DOR** notes the proposed processing fee increases in §136.055, RSMo, will also be applied to transactions occurring in Department-operated "Branch" licensing offices (DOR central site.)

Central Office (retained by the state)

Estimated Annual Increase for Permits, Driver License, or Non-driver License Issued (**Highway Fund 75%, Cities 15% & Counties 10%**):

1,539	Estimated annual 0-3 year transaction processing fees in DOR Branch Office
<u>x \$3.00</u>	Amount of fee increase from proposed change from \$6.00 to \$9.00
\$ 4,617	Estimated annual increase in DOR branch office processing fees

5,726	Estimated annual 3-6 3 year transaction processing fees in DOR Branch Office
<u>x \$6.00</u>	Amount of fee increase proposed from \$12.00 to \$18.00
\$34,356	Estimated annual increase in DOR branch office processing fees

180	Estimated annual 0-3 year transaction processing fees for medical certificates
<u>x \$3.00</u>	Amount of fee increase from proposed change from \$6.00 to \$9.00
\$540	Estimated annual increase in revenue from DOR central office processing fees to be distributed to Hwy Fund, Cities and Counties.

$\$34,356 + \$4,617 + \$540 = \mathbf{\$39,513}$

Estimated Annual Increase for State office title, registration issuance/renewal, online registration renewal, phone in registration renewal, and registration transfers issued (**Highway Fund 75% (\$29,635), Cities 15% (\$5,927) & Counties 10% (\$3,951)**):

1,014,102	Estimated annual Motor Vehicle (MV) in DOR Branch Office
<u>x \$3.00</u>	Amount of fee increase from proposed change from \$6.00 to \$9.00
<b>\$3,042,306</b>	Estimated annual increase in DOR branch office processing fees

Total annual increase to the Highway Fund, Cities and Counties from increase in DOR branch office processing fee collections = **\$3,081,819 (\$39,513 + \$3,042,306 (\$2,281,729, \$456,346, and \$304,231))**

Estimated Annual Increase for Notice of Lien and Duplicate Titles (**General Revenue**):

548,805	Estimated annual 3-6 3 year transaction processing fees in DOR Branch Office
<u>x \$3.00</u>	Amount of fee increase proposed from \$6.00 to \$9.00
<b>\$1,646,415</b>	Estimated annual increase in DOR branch office processing fees

### License Office Fee Increases

Estimates are based on Missouri Transportation Accounting System Driver License Transaction reporting totals for FY 2023.

Permits, Driver License, or Non-driver License Issued:

469,472	Total 0-3 year transactions
<u>x \$2.00</u>	Proposed agent transaction processing fee collection increase for 0- 3 year term transactions changing fee from \$6.00 to \$9.00, less \$1.00 to be remitted to License Office Distribution Fund
<b>\$938,944</b>	Total Estimated increase to agent processing fees for 3 year transactions annually

948,791	Total 3-6 year transactions
<u>x \$5.00</u>	Proposed agent transaction processing fee collection increase for 3- 6 year term transactions changing fee from \$12.00 to \$18.00, less \$1.00 to be remitted to License Office Distribution Fund
<b>\$4,743,955</b>	Total estimated agent fee collection increase for 3-6yr transactions

77,310	Total medical certification update transactions
<u>x \$2.00</u>	Proposed agent transaction processing fee collection increase for medical certification update transactions changing from \$6.00 to \$9.00 less \$1.00 to be remitted to License Office Distribution Fund
<b>\$154,620</b>	Total estimated agent fee collection increase for medical certificate transactions

<b>\$5,837,519</b>	Total estimated statewide annual contract office revenue increase from portion of proposed processing fee <b>not</b> distributed to new License Office Distribution Fund from Driver License Transactions (\$938,944 + \$4,743,519)
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Estimated annual License Office Distribution Fund remittance derived from \$1 of each office processing fee collected for driver license transactions:

469,472	Total 0-3 year transactions
<u>x \$1.00</u>	Proposed \$1.00 portion of proposed agent fee increase to be remitted to License Office Distribution Fund
<b>\$469,472</b>	Total estimated statewide agent fee \$1 remittance to new fund

948,791	Total 3-6 year transactions
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x \$1.00	Proposed \$1.00 of total proposed agent fee increase to be remitted to the License Office Distribution Fund
<b>\$948,791</b>	Total estimated statewide agent fee \$1 remittance to new fund
77,310	Total medical certification update transactions
x \$1.00	Proposed \$1.00 portion of agent fee increase to be remitted to License Office Distribution Fund.
<b>\$77,310</b>	Total estimated statewide agent fee \$1 remittance to new fund
<b>\$1,495,573</b>	Total estimated statewide annual amount remitted to and to be distributed from the proposed License Office Distribution Fund from Driver License Transactions

Motor Vehicle (MV) Transactions:

Note: The following projections are updated from last year to reflect transactions more accurately.

Contract License office (Independently owned)

FY 2022 8,420,260

FY 2023 8,483,142

Average number of transactions for last two fiscal years = 8,451,701

The proposed legislation allows the offices to collect an additional three dollars processing fee, one dollar of that fee goes to the License Office Distribution Fund.

8,451,701	Total MV transactions
x \$2.00	Proposed agent transaction processing fee collection increase for MV transactions changing fee from \$6.00 to \$9.00, less \$1.00 to be remitted to License Office Distribution Fund
<b>\$16,903,402</b>	Total estimated statewide annual contract office revenue increase from portion of proposed processing fee <b>not</b> distributed to new License Office Distribution Fund from MV transactions
8,451,701	Total Motor Vehicle (MV) Transactions
x \$1.00	Proposed \$1.00 portion of proposed agent fee increase to be remitted to License Office Distribution Fund
<b>\$8,451,701</b>	Total estimated statewide annual amount remitted to and to be distributed from the proposed License Office Distribution Fund Motor Vehicle Transactions

License Office Distribution Fund projections (\$1 per transaction) \$8,451,701 + \$1,495,573 =  
**\$9,947,274**

Total estimated statewide annual amount remitted to and to be distributed from the proposed License Office Distribution Fund:

\$9,947,274	Estimated revenue into the License Office Distribution Fund
/ 174	Number of possible contract license offices
<b>\$57,168</b>	Estimated annual distribution per open contract offices from License Office Distribution Fund

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DOR.

Officials from the **Missouri Department of Transportation (MoDOT)** assume the revenues collected from these fees are state revenue derived from highway users (SRHU) subject to the distribution requirements set out in Article IV, Section 30(b)1, Missouri Constitution, meaning only 3% of these fees should go to DOR and the remaining revenue should be deposited into the State Road Fund (SRF).

Currently, these funds are not being deposited to the SRF, but rather 100% of the proceeds of these fees are distributed to the privately or not-for-profit owned and operated DOR license offices.

MoDOT does not have the numbers to determine the current negative fiscal impact to MHTC/MoDOT from this diversion and any increased negative fiscal impact due to the increase in fees.

Therefore, MoDOT defers to DOR for these numbers and for the other sections of the bill.

This diversion also impacts cities and counties.

Officials from the **Office of the State Treasurer** 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.

§§136.055.8, 302.178 & 302.181 – License Fees Waived for Homeless Youth

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.

§301.469 - Missouri Conservation Heritage Foundation license plates

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

Administrative Impact

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

- Update charts, procedures and the Department website;
- Update the Application for Missouri Personalized and Special License Plate (DOR-1716); and
- Complete programming and user acceptance testing for identified systems.

FY 2025 – Motor Vehicle Bureau

Associate Research/Data Analyst 151 hrs. @ \$25.22 per hr. = \$3,808  
Research/Data Analyst 38 hrs. @ \$27.00 per hr. = \$1,026  
Administrative Manager 19 hrs. @ \$29.31 per hr. = \$557

FY 2025 – Strategy and Communications Office

Associate Research/Data Analyst 40 hrs. @ \$21.64 per hr. = \$866

**Total costs: \$6,257**

**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 **\$22,339** in FY 2025 (212.76 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.

In response to a previous version, officials from the **Missouri Department of Conservation** assumed the proposal would 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 for this agency.

§301.3061 (House Amendment 2) – Disabled American Veterans License Plates

In response to a similar proposal from 2024 (HB 1459), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

*Administrative Impact*

The Department anticipates that by removing the layout restrictions, the Disabled American Veterans organization will want to redesign the plate.

The release of the new plate will start with the sale of the new plate to customers and allow current Disabled Vets the ability to surrender old configurations for the new one.

To implement the proposed changes, the Department will:

- Update procedures, correspondence letters, forms, and the Department website;
- Update the Missouri Titling manual;
- Send communications to stakeholders as applicable; and
- Train Staff.

FY 2025 – Motor Vehicle Bureau

Lead Administrative Support Assistant 10 hrs. @ 18.54 per hr. = \$185

Research/Data Assistant 60 hrs. @ \$27.00 per hr. = \$1,620

Administrative Manager 20 hrs. @ \$29.31 per hr. = \$586

FY 2026 – Strategy and Communications Office

Associate Research/Data Analyst 30 hrs. @ \$21.64 per hr. = \$649

Total Costs = **\$3,040**

The Department anticipates that they will be able to absorb these costs. If multiple bills are passed that require Department resources, funding/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 on the fiscal note.

In response to a similar proposal from 2024 (HB 1459), officials from the **Missouri Department of Transportation** assumed the proposal would 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.

§136.055 (House Amendment 3) – Department of Revenue Fee Offices

**Oversight** assumes this amendment will not have a direct fiscal impact on the Department of Revenue.

§301.142 (House Amendment 4) – Disabled License Plates

In response to a similar proposal from 2024 (SB 912), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

*Administrative Impact*

In order to implement the proposed changes, the Department will be required to:

- Update procedures, manuals, Department website, and correspondence letters;
- Design/Create specialty plate;
- Programming and user acceptance testing;
- Updates to forms; and
- Train staff.

There is a \$125 design fee and an additional \$45 fee when creating a new plate design.

FY 2025 – Motor Vehicle Bureau

Associate Research/Data Analyst 255 hrs. @ \$25.22/hr. = \$6,431

Research/Data Analyst 64 hrs. @ \$27.00/hr. = \$1,728

Administrative Manager 32 hrs. @ \$29.31/hr. = \$938

FY 2026 – MVB Systems Analysis Support

Associate Research/Data Analyst 255 hrs. @ \$25.22/hr. = \$6,431

Research/Data Analyst 64 hrs. @ \$27.00/hr. = \$1,728

Administrative Manager 32 hrs. @ \$29.31/hr. = \$938

FY 2026 – Strategy and Communications Office

Associate Research/Data Analyst 70 hrs. @ \$21.64/hr. = \$1,515

Administrative Manager 20 hrs. @ \$29.31/hr. = \$586

Total Cost = \$20,295

**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, in equalizing the workload, DOR will start to see a cost savings of **\$115,941** beginning in the fifth year from disabled placards being renewed every 8 years instead of 4. The cost savings will be in inventory and postage at \$1.23 per placard.

**Oversight** does not have information to the contrary and therefore, will reflect the cost savings indicated by DOR starting in FY 2029.

**DOR** notes OA-ITSD services will be required at a cost of **\$71,238** in FY 2025 (678.46 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 Impact*

**DOR** also noted costs for an implementation consultant \$250/hour x 100 hours = **\$25,000**

The costs associated with these legislative changes may be outside of the current contract and identified programming work for the 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.

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

In response to a similar proposal from 2024 (SB 912), officials from the **Missouri National Guard** and **Missouri Veterans Commission** each assumed the proposal would 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.

#### §32.056 (House Amendment 5) – Private Motor Vehicle Records

In response to a similar proposal from 2024 (HB 2843), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

#### *Administrative Impact*

The proposed change will require a modification to the current request form and related policies and procedures for processing such requests. This change will not require any system modifications.

FY 2025 - Motor Vehicle Bureau

Research/Data Analyst 15 hrs. @ \$28.89 per hr. =\$433  
Administrative Manager 10 hrs. @ \$31.36 per hr. =\$314  
Total \$747

FY 2025 - Driver License Bureau

Research/Data Analyst 15 hrs. @ \$28.89 per hr. =\$433  
Administrative Manager 10 hrs. @ \$31.36 per hr. =\$314  
Total \$747

FY 2025 - Strategy and Communications Office

Associate Research/Data Analyst 10 hrs. @ \$23.15 per hr. =\$232  
Associate Research/Data Analyst 10 hrs. @ \$23.15 per hr. =\$232  
Total \$464

Total Costs = **\$1,958**

The department will absorb the cost; however, if several bills pass, they will seek appropriations through the budget 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 on the fiscal note.

In response to a similar proposal from 2024 (HB 2843), officials from the **Department of Corrections** assumed the proposal would 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.

§135.341 (House Amendment 6) – Champion for Children Tax Credit

In response to a similar proposal from 2024 (HB 2589), officials from the **Department of Revenue (DOR)** assumed the Champion for Children Tax Credit program allows a taxpayer to receive a tax credit for donations they make to CASA, Child Advocacy Center, or a Crisis Care Center. The tax credit has a \$1,500,000 cap. The credit is an apportioned credit which requires DOR to calculate a lesser amount of credit should the number of credits being claimed exceed the cap.

In 2018, the cap on the credit was increased starting July 1, 2019, to \$1.5 million annually. For informational purposes, DOR is showing the number of credits redeemed annually over the last several years.

<b>Fiscal Year</b>	<b>Apportioned Cap</b>	<b>Total Credit Redeemed</b>
FY 2023	\$1,500,000	\$1,225,848
FY 2022	\$1,500,000	\$884,965
FY 2021	\$1,500,000	\$1,339,280
FY 2020	\$1,500,000	\$827,942
FY 2019	\$1,000,000	\$999,995
FY 2018	\$1,000,000	\$999,986
FY 2017	\$1,000,000	\$999,873
FY 2016	\$1,000,000	\$999,987

This proposal is adding language that when the credit is apportioned and DOR notifies the taxpayer of the reduced amount of the credit and any additional tax liability owed by the taxpayer from not receiving the full credit, the taxpayer will not owe any interest or penalties on the underpayment as long as they pay within 60 days of the receipt of notice. The current statutes do allow a person 60 days to make payment arrangements before instituting any penalties or fees. Therefore, this language would not have a fiscal impact.

In response to a similar proposal from 2024 (HB 2589), officials from the **Office of Administration – Budget & Planning (B&P)** assumed this proposal would waive any addition to tax, interest, and penalties on taxes due because of either the Champion for Children (Section 135.341) or the Food Pantry (Section 135.647) tax credits being apportioned if the resulting tax due is paid within 60 days.

B&P notes that the Champion for Children tax credit already waived interest and penalties on taxes that became due because of the credit being apportioned. In addition, based on information provided by DOR, the Champion for Children tax credit has not been apportioned in the past two years.

**Oversight** notes the officials from the DOR and B&P both assume no fiscal impact stemming from the Champion for Children tax credit.

**Oversight** will note that currently, Section 135.341.7. (1) states that “in the event a credit denial, due to lack of available funds, causes a balance-due notice to be generated by the department of revenue, or any other redeeming agency, the taxpayer will not be held liable for any penalty or interest, provided the balance is paid, or approved payment arrangements have been made, within sixty days from the notice of denial”.

**Oversight** assumes the taxpayer, in most instances, is already complying with the rule to avoid any penalties or interest; therefore, Oversight will reflect a zero impact for this section in the fiscal note.

§135.647 (House Amendment 6) – Food Pantry Tax Credit

In response to a similar proposal from 2024 (HB 2589), officials from the **Department of Revenue (DOR)** assumed the food pantry tax credit program allows a taxpayer to receive a tax credit for donations they make to a food pantry, soup kitchen or homeless shelter. The tax credit has a \$1,750,000 cap. The credit is an apportioned credit which requires DOR to calculate a lesser amount of credit should the number of credits being claimed exceed the cap.

For informational purposes, the Department notes the Food Pantry tax credit program was created in 2007 and it had a sunset. In 2013, the sunset was extended, and the cap was lowered to \$1,250,000. Then in 2014, the cap was increased to its current \$1,750,000. In 2018, the sunset was extended until 2026. This is an apportioned credit, and it has been hitting its current cap the last several years. Below is information on the authorization, issuance and redemption of the credits over the last few years.

<b>Year</b>	<b>Issued</b>	<b>Total Redeemed</b>
FY 2023	\$1,749,990.00	\$1,749,990.00
FY 2022	\$1,749,992.00	\$1,749,992.00
FY 2021	\$1,749,992.00	\$1,749,992.00
FY 2020	\$1,131,882.00	\$1,131,882.00
FY 2019	\$1,380,894.00	\$1,380,894.00
FY 2018	\$1,679,924.00	\$1,679,924.00
FY 2017	\$1,584,566.00	\$1,584,566.00
FY 2016	\$1,155,480.00	\$1,155,480.00
FY 2015	\$1,118,866.00	\$1,118,866.00
FY 2014	\$840,234.00	\$840,234.00
FY 2013	\$72,822.00	\$72,822.00
FY 2012	\$796,156.10	\$796,156.10
<b>TOTALS</b>	<b>\$15,010,798.10</b>	<b>\$15,010,798.10</b>

This proposal is adding language that when the credit is apportioned and DOR notifies the taxpayer of the reduced amount of the credit and any additional tax liability owed by the taxpayer from not receiving the full credit, the taxpayer will not owe any interest or penalties on the underpayment as long as they pay within 60 days of the receipt of notice. Currently, many taxpayers fail to pay the total tax liability they owe minus the food pantry credit when submitting their return. Then when the apportionment occurs, they have not paid their full tax liability by the filing deadline and are assessed penalties or interest. This would help to rectify the situation. DOR assumes this would result in a minimal loss of general revenue from no longer collecting the penalties or fees.

In response to a similar proposal from 2024 (HB 2589), officials from the **Office of Administration – Budget & Planning (B&P)** assumed this waiver is new for the Food Pantry tax credit. B&P is unable to determine how much interest and/or penalties are annually collected because of apportionment. However, the allotted amounts per taxpayer credit was reduced by 10.2% in FY21, 28.7% in FY22, and 25.5% in FY23. Therefore, this proposal may reduce TSR and GR by an unknown, likely minimal amount, beginning in FY25.

**Oversight** notes that officials from the DOR and B&P both assume this Section would have a minimal impact on the general revenue, if any.

**Oversight** notes that the proposal allow for similar remedy as above, Section 135.647. 3. (2) denotes the taxpayer shall not be held liable for any addition to tax, penalty, or interest on that tax balance due, provided the balance is paid, or approved payment arrangements have been made, within sixty days from issuance of the notice of credit denial.

**Oversight** is unsure of how many taxpayer previously receive notice of apportionment thus additional tax due. However, based on responses from DOR and B&P, Oversight will assume that the total amount of interest and penalties owed for this situation was not material. Therefore, for purpose of this fiscal note, Oversight will not show a fiscal impact for these changes.

#### §301.033 (House Amendment 1 to House Amendment 7) – Farm Fleet Vehicles

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

#### *Administrative Impact*

To incorporate the proposed changes to allow for farm fleet registration, for farmers owning more than one farm vehicle, multiple department systems and procedures will need modifications.

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

- Update procedures, manuals, Department website, and correspondence letters;
- Update Department system(s); and
- Train staff.

#### FY 2025 – Motor Vehicle Bureau (MVB)

Associate Research/Data Analyst 100 hrs. @ \$25.22 per hr. = \$2,522

Research/Data Analyst 30 hrs. @ \$27.00 per hr. = \$810

Administrative Manager 20 hrs. @ \$29.31 per hr. = \$586

Lead Administrative Support Asst. 45 hrs. @ \$18.54/hr. = \$834

FY 2025 – Systems Analysis and Support

Associate Research/Data Analyst 219 hrs. @ \$21.64 per hr. = \$4,739

Research/Data Analyst 55 hrs. @ \$27.00 per hr. = \$1,485

Administrative Manager 27 hrs. @ \$29.31 per hr. = \$791

FY 2026 – Strategy and Communications Office

Associate Research/Data Analyst 40 hrs. @ \$21.64 per hr. = \$857

**Total Costs \$12,624**

The proposed legislation may cause an increase in telephone inquiries, email correspondence, and new applications for Farm Fleet Registrations received by the Department. If the volume is more significant than anticipated, additional FTE's will be requested through the appropriation 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 on the fiscal note.

Revenue Impact

**DOR** notes the current transfer fee is \$2. This proposal does not change that, nor will it result in an increase in transfer transactions; therefore, there should not be a revenue impact. The \$2 fee is not to add a vehicle to a fleet, but to transfer plates to the vehicle if a new vehicle for the fleet is purchased and the owner wants to transfer unexpired license plates from a previous vehicle owned.

In addition, this proposal will not increase the number of farm vehicles that need license plates. Any additional cost to issue plates that say special farm fleet vehicle plates, if any, will be minimal and absorbed as the number of plates being manufactured will not increase.

To create a new plate type, the upfront cost to be covered by the department will be:

- For passenger: 6,000lb and 12,000lb \$125.00
- For every additional weight type:
  - 18,000 lb \$45.00
  - 24,000 lb \$45.00
  - 26,000 lb \$45.00
  - 30,000 lb \$45.00
  - 36,000 lb \$45.00
  - 42,000 lb \$45.00
  - 48,000 lb \$45.00
  - 54,000 lb \$45.00
  - 60,000 lb \$45.00

66,000 lb \$45.00  
72,000 lb \$45.00  
80,000 lb \$45.00

Total \$665.00

FY 2022: 11,307 plates registered with a farm tab  
FY 2023: 11,584 plates registered with a farm tab

The department is unsure how many farmers will meet the requirements of having more than one vehicle registered as a farm vehicle and choose to register as a farm fleet.

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Office of Administration - Budget and Planning (B&P)** assumed Section 301.033.3 requires the Director of Revenue to establish a system to register all farm vehicles on an annual or biennial basis if owned or purchased by a registered farm vehicle fleet owner.

A registration fee is required; however, no explicit fee amount is stated in the bill. B&P assumes that DOR would establish a fee sufficient to fund this program. It also establishes a \$2.00 fee for the transfer of ownership of any farm vehicles within any registered farm vehicle fleets. These new fees could positively impact total state revenues by an unknown amount. B&P defers to DOR for a specific estimate.

§§301.055, 301.070 & 301.140 (House Amendment 1 to House Amendment 7) – Vehicle Registration Flat Fee

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

To implement the proposed legislation the department will be required to:

- Create new procedures, training manuals, notices, and forms;
- Update procedures, forms, and correspondence
- Update associated fee charts, and the Department website;
- Update the Dealer Operating Manual;
- Update the Missouri Titling Manual;
- Send communications to contracted license offices and other contracted stakeholders;
- Train internal and contract license office staff.

FY 2025 – Motor Vehicle Bureau

Associate Research/Data Analyst 100 hrs. @ \$25.22/hr. = \$2,522  
Administrative Manager 20 hrs. @ \$29.31/hr. = \$586

Research/Data Analyst 30 hrs. @ \$27.00/hr = \$810

FY 2025 – Strategy and Communications Office

Associate Research/Data Analyst 40 hrs. @ \$21.64/hr. = \$857

**Total Cost = \$4,775**

**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.

Revenue Impact

**DOR** notes currently there are 3,316,388 motor vehicles other than commercial motor vehicles registered. Using the current fee chart the total amount of revenue collected for registrations is \$77,873,889.

<b>Horsepower (HP)</b>	<b>Fee</b>	<b>Number of Active Registrations by HP</b>	<b>Total Collected</b>
Under 12 HP	\$18.00	25,387	\$456,966
12 HP – 23 HP/Electric/Low Speed	\$21.00	1,730,475	\$36,339,975
24 HP – 35 HP	\$24.00	1,235,914	\$29,661,936
36 HP – 47 HP	\$33.00	211,381	\$6,975,573
48 HP – 59 HP	\$39.00	109,965	\$4,288,635
60 HP 0 71 HP	\$45.00	2,627	\$118,215
72+ HP	\$51.00	639	\$32,589
<b>Total</b>		<b>3,316,388</b>	<b>\$77,873,889</b>

Twenty-five cents of the proposed twenty-five-dollar fee is still to be credited to the Railroad Grade Crossing Safety Account prescribed in Section 389.612. The railroad crossing fee will not see a change as DOR will be processing the same number of transactions and there is no increase in the fee.

Calculations based off current number of registrations multiplied by the proposed flat fee of \$24.75

$$3,316,388 \times \$24.75 = \mathbf{\$82,080,603}$$

Projection of **\$4,206,714** (\$82,080,603 - \$77,873,889) increase to the Highway Fund (75% **\$3,155,036**) and Locals (Cities 15% **\$631,007** and Counties 10% **\$420,671**). This increase will occur beginning in FY 2027 due to the delayed implementation of this legislation.

There were 132,758 motorcycles registered in FY 2023. The current registration fee is \$8.50. This proposal increases the registration fee to \$10. This would equate to a **\$199,137** increase in revenue to the Highway Fund (75% \$149,353) and Locals (Cities 15% \$29,871 and Counties 10% \$19,914).

The registration fee for motortricycles and autocycles is currently \$10 so there is no change in the fee.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the revenue estimates as provided by DOR.

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Office of Administration - Budget and Planning (B&P)** assumed Section 301.055.1 adjusts the annual registration fee for motor vehicles other than commercial motor vehicles to twenty-five dollars, inclusive of the railroad crossing safety fee prescribed in section 389.612. Section 301.055.2 also creates an annual registration fee for motorcycles, motortricycles, and autocycles at ten dollars, inclusive of the railroad crossing safety fee prescribed in Section 389.612.

The prior fees were based on the amount of vehicle horsepower or classification with motor vehicle fees ranging from \$18.00 to \$51.00 and motorcycles set at \$8.50. Such adjustment of registration fees could impact total state revenue by an unknown amount. B&P defers to DOR for a specific estimate.

#### §301.110 (House Amendment 1 to House Amendment 7) – Alternative Fuel Decals

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

#### Administrative Impact

To implement the proposed legislation the department will be required to:

- Create new procedures, training manuals, notices, and forms;
- Update procedures, forms, and correspondence
- Update associated fee charts, and the Department website;
- Update the Dealer Operating Manual;
- Update the Missouri Titling Manual;
- Send communications to contracted license offices and other contracted stakeholders;
- Train internal and contract license office staff.

#### FY 2025 – Motor Vehicle Bureau

Associate Research/Data Analyst 60 hrs. @ \$25.22/hr. = \$1,513

Administrative Manager 20 hrs. @ \$29.31/hr. = \$586

Research/Data Analyst 30 hrs. @ \$27.00/hr = \$810

FY 2025 – Strategy and Communications Office

Associate Research/Data Analyst 60 hrs. @ \$21.64/hr. = \$1,298

**Total Cost = \$4,207**

The proposed legislation may cause an increase in telephone inquiries and email correspondence received by the Department. If the volume is more significant than anticipated, additional FTE's will be requested through the appropriation 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 on the fiscal note.

§301.147 (House Amendment 1 to House Amendment 7) – Even/Odd Motor Vehicle Registrations

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

To implement the proposed legislation the department will be required to:

- Create new procedures, training manuals, notices, and forms;
- Update procedures, forms, and correspondence
- Update associated fee charts, and the Department website;
- Update the Dealer Operating Manual;
- Update the Missouri Titling Manual;
- Send communications to contracted license offices and other contracted stakeholders;
- Train internal and contract license office staff.

FY 2025 – Motor Vehicle Bureau

Research/Data Analyst 60 hrs. @ \$27.00 per hr. = \$1,620

Administrative Manager 30 hrs. @ \$29.31 per hr. = \$879

Associate Research/Data Analyst 100 hrs. @ \$25.22 per hr. = \$2,522

FY 2025 – Strategy and Communications Office

Associate Research/Data Analyst 100 hrs. @ \$21.64 per hr. = \$2,164

Research/Data Analyst 50 hrs. @ \$27.00 per hr. = \$1,350

**Total Costs = \$8,535**

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 on the fiscal note.

Revenue Impact

**DOR** notes there could be some variance in revenue the first fiscal year, but the department has determined this to be minimal.

§301.560 (House Amendment 1 to House Amendment 7) – Dealer Plate Fee Distribution of Funds

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

To implement the proposed legislation the department will be required to:

- Create new procedures, training manuals, notices, and forms;
- Update procedures, forms, and correspondence
- Update associated fee charts, and the Department website;
- Update the Dealer Operating Manual;
- Update the Missouri Titling Manual;
- Send communications to contracted license offices and other contracted stakeholders;
- Train internal and contract license office staff.

FY 2025 – Motor Vehicle Bureau

Research/Data Analyst 60 hrs. @ \$27.00 per hr. = \$ 1,620  
Administrative Manager 30 hrs. @ \$29.31 per hr. = \$ 879  
Associate Research/Data Analyst 100 hrs. @ \$25.22 per hr. = \$ 2,522

FY 2025 – Strategy and Communications Office

Associate Research/Data Analyst 100 hrs. @ \$21.64 per hr. = \$2,164  
Research/Data Analyst 50 hrs. @ \$27.00 per hr. = \$1,350

**Total Costs = \$8,535**

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 on the fiscal note.

### Revenue Impact

In calendar year 2022, 2,479 dealers renewed ordering a total of 12,296 dealer plates.

Master plates  $2,479 \times \$50 = \$123,950$   
Additional plates  $9,817 \times \$10.50 = \$103,078.50$

In calendar year 2023, 4,329 dealers renewed ordering a total of 43,154 dealer plates.

Master plates  $4,329 \times \$50 = \$216,450$   
Additional plates  $38,825 \times \$10.50 = \$407,662.50$

The Department projects in calendar year 2027, 2,479 dealers will renew ordering a total of 12,296 dealer tabs.

First tab  $2,479 \times \$25 = \$61,975$   
Additional tabs  $9,817 \times \$6 = \$58,902$

The Department projects in calendar year 2028 4,329 dealers will renew ordering a total of 43,154 dealer tabs.

First tab  $4,329 \times \$25 = \$108,225$   
Additional tabs  $38,825 \times \$6 = \$232,950$

This proposal would shift the fees collected from dealers for plates and tabs to the Motor Vehicle Commission Fund that pays for them versus being deposited in the Highway and local fund. The Motor Vehicle Commission fund would see an increase of approximately \$462,052 every two years and there will be a loss every two years to Highway (75%) and local funds (Cities 15% and Counties 10%) of approximately \$851,141. Calculations are made using two years due to the uneven nature of the collections each year. For the purpose of this fiscal note, the Department used an even weighted average for the calculation of the increase to the Motor Vehicle Commission Fund, and the loss to the Highway and local funds.

FY 2027 Motor Vehicle Commission Fund Increase = **\$231,026** ( $\$61,975 + \$108,225 = \$85,100$   
&  $\$58,902 + \$232,950 = \$291,852 / 2 = \$145,926$ .  $\$85,100 + \$145,926 = \$213,026$ )

FY 2027 Loss to Highway (75% \$319,178)/Cities (15% \$63,836)/Counties (10% \$42,557) = \$425,571 (\$123,950 + \$103,079 + \$216,450 + \$407,663 = \$851,142 / 2 = **\$425,571**)

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the revenue estimates as provided by DOR.

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Office of Administration - Budget and Planning (B&P)** assumed Section 301.560.3 mandates the Department of Revenue shall issue a renewal tab to be placed on the lower right corner of the plate or certificate upon renewal. The fee for the tab renewal shall be twenty-five dollars for the first tab and six dollars for each additional tab and deposited into the Motor Vehicle Commission Fund. These new tab renewal fees would positively impact total state revenues. B&P defers to DOR for a specific estimate on the revenue impact.

§307.350 (House Amendment 1 to House Amendment 7) – Even/Odd Motor Vehicle Registrations and Safety Inspections

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

To implement the proposed legislation the department will be required to:

- Create new procedures, training manuals, notices, and forms;
- Update procedures, forms, and correspondence
- Update associated fee charts, and the Department website;
- Update the Dealer Operating Manual;
- Update the Missouri Titling Manual;
- Send communications to contracted license offices and other contracted stakeholders;
- Train internal and contract license office staff.

FY 2025 – Motor Vehicle Bureau

Research/Data Analyst 60 hrs. @ \$27.00 per hr. = \$ 1,620  
Administrative Manager 30 hrs. @ \$29.31 per hr. = \$ 879  
Associate Research/Data Analyst 100 hrs. @ \$25.22 per hr. = \$ 2,522

FY 2025 – Strategy and Communications Office

Associate Research/Data Analyst 100 hrs. @ \$21.64 per hr. = \$2,164  
Research/Data Analyst 50 hrs. @ \$27.00 per hr. = \$1,350

**Total Costs = \$8,535**

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 on the fiscal note.

§643.315 (House Amendment 1 to House Amendment 7) – Even/Odd Motor Vehicle Registrations and Emissions Inspections

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

To implement the proposed legislation the department will be required to:

- Create new procedures, training manuals, notices, and forms;
- Update procedures, forms, and correspondence
- Update associated fee charts, and the Department website;
- Update the Dealer Operating Manual;
- Update the Missouri Titling Manual;
- Send communications to contracted license offices and other contracted stakeholders;
- Train internal and contract license office staff.

FY 2025 – Motor Vehicle Bureau

Research/Data Analyst 60 hrs. @ \$27.00 per hr. = \$ 1,620

Administrative Manager 30 hrs. @ \$29.31 per hr. = \$ 879

Associate Research/Data Analyst 100 hrs. @ \$25.22 per hr. = \$ 2,522

FY 2025 – Strategy and Communications Office

Associate Research/Data Analyst 100 hrs. @ \$21.64 per hr. = \$2,164

Research/Data Analyst 50 hrs. @ \$27.00 per hr. = \$1,350

**Total Costs = \$8,535**

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 on the fiscal note.

House Amendment 1 to House Amendment 7 – Department of Revenue Fusion Implementation Consultant

In response to a similar proposal from 2024 (SCS for SB 847), **DOR** assumed a cost to the Implementation Consultant of \$250/hour x 1,600 hrs = **\$400,000**

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.

In response to a similar proposal from 2024 (SCS for SB 847), officials from the **Missouri Highway Patrol** and **Missouri Department of Agriculture** each assumed the proposal would 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 2024 (SCS for SB 847), Officials from the **Missouri Department of Transportation** deferred to DOR for the potential fiscal impact of this proposal.

§142.869 (House Amendment 7 a.a.) – Alternative Fuel Decals

Officials from the **Department of Revenue** assumes SB 262, adopted in 2021, increased decal fees by 20 percent of the motor fuel tax each year. DOR assumes that by issuing a biennial fuel decal, the customer would pay the two separate fees; therefore, this would have no fiscal impact. This language would move the revenue stream from the future fiscal year to the current fiscal year.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

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.

Officials from the **Office of the Secretary of State (SOS)** note 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>GENERAL REVENUE</b>				
<u>Revenue</u> – DOR – increased fees for notice of lien and duplicate titles (§136.055) p. 7	\$1,372,013	\$1,646,415	\$1,646,415	\$1,646,415
<u>Cost</u> – DOR – OA-ITSD services (§136.055) p. 5	(\$76,710)	\$0	\$0	\$0
<u>Cost</u> – DOR – OA-ITSD services (§§136.055.8, 302.178 & 302.181) p. 11	(\$61,462)	\$0	\$0	\$0
<u>Cost</u> – DOR – Fusion implementation consultant (§§136.055 & 136.055.8) p. 5, 11	(\$200,000)	\$0	\$0	\$0
<u>Cost</u> – DOR – OA-ITSD services (§301.142 HA 4) p. 16	(\$71,238)	\$0	\$0	\$0

<u>FISCAL IMPACT – State Government</u> (continued)	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2029)
<u>Cost</u> – DOR – implementation consultant for system changes (§301.142 HA 4) p. 16	(\$25,000)	\$0	\$0	\$0
<u>Cost</u> – DOR – Fusion implementation consultant (HA 1 to HA 7 all sections) p. 30	(\$400,000)	\$0	\$0	\$0
<u>Savings</u> – DOR – decrease in mailing cost (§301.142 HA 4) p. 16	\$0	\$0	\$0	\$115,941
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b>\$537,603</b>	<b>\$1,646,415</b>	<b>\$1,646,415</b>	<b>\$1,762,356</b>
<b>HIGHWAY FUND</b>				
<u>Revenue</u> – DOR – increased fees for driver license transactions (§136.055) p. 6	\$24,696	\$29,635	\$29,635	\$29,635
<u>Revenue</u> – DOR – increased fees for motor vehicle transactions (§136.055) p. 6	\$1,901,441	\$2,281,729	\$2,281,729	\$2,281,729
<u>Revenue</u> – increase in motor vehicle registration fees collected (§301.055, 301.070 & 301.140 HA 1 to HA 7) p. 23	\$0	\$0	\$3,155,036	\$3,155,036
<u>Revenue</u> – increase in motorcycle registration fees collected (§301.055, 301.070 & 301.140 HA 1 to HA 7) p. 24	\$0	\$0	\$149,353	\$149,353

<u>FISCAL IMPACT – State Government</u> (continued)	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2029)
<u>Loss</u> – motor vehicle dealer plate fees being deposited into the Motor Vehicle Commission Fund (§301.560 HA 1 to HA 7) p. 27-28	\$0	\$0	(\$319,178)	(\$319,178)
<b>ESTIMATED NET EFFECT ON THE HIGHWAY FUND</b>	<b><u>\$1,926,137</u></b>	<b><u>\$2,311,364</u></b>	<b><u>\$5,296,575</u></b>	<b><u>\$5,296,575</u></b>
<b>LICENSE OFFICE DISTRIBUTION FUND</b>				
<u>Revenue</u> – increased fees for driver license transactions (§136.055) p. 6-7	\$1,246,311	\$1,495,573	\$1,495,573	\$1,495,573
<u>Revenue</u> – increased fees for motor vehicle transactions (§136.055) p. 6-7	\$7,043,084	\$8,451,701	\$8,451,701	\$8,451,701
<u>Transfer Out</u> – to license contract offices (§136.055) p. 6-7	(\$8,289,395)	(\$9,947,274)	(\$9,947,274)	(\$9,947,274)
<b>ESTIMATED NET EFFECT ON THE LICENSE OFFICE DISTRIBUTION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>MOTOR VEHICLE COMMISSION FUND</b>				
<u>Revenue</u> – motor vehicle dealer plate fees (§301.560 HA 1 to HA 7) p. 27-28	\$0	\$0	\$231,026	\$231,026
<b>ESTIMATED NET EFFECT ON THE MOTOR VEHICLE COMMISSION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$231,026</u></b>	<b><u>\$231,026</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>LOCAL POLITICAL SUBDIVISIONS</b>				
<u>Revenue</u> – Cities (15%) – increased fees for driver license transactions (§136.055) p. 6-7	\$4,939	\$5,927	\$5,927	\$5,927
<u>Revenue</u> – Cities (15%) – increased fees for motor vehicle transactions (§136.055) p. 6-7	\$380,288	\$456,346	\$456,346	\$456,346
<u>Revenue</u> – Counties (10%) – increased fees for driver license transactions (§136.055) p. 6-7	\$3,293	\$3,951	\$3,951	\$3,951
<u>Revenue</u> – Counties (10%) – increased fees for motor vehicle transactions (§136.055) p. 6-7	\$253,526	\$304,231	\$304,231	\$304,231
<u>Revenue</u> – (Cities 15%) increase in motor vehicle registration fees collected (§301.055, 301.070 & 301.140 HA 1 to HA 7) p. 23	\$0	\$0	\$631,007	\$631,007
<u>Revenue</u> – (Counties 10%) increase in motor vehicle registration fees collected (§301.055, 301.070 & 301.140 HA 1 to HA 7) p. 23	\$0	\$0	\$420,671	\$420,671
<u>Revenue</u> – (Cities 15%) increase in motorcycle registration fees collected (§301.055, 301.070 & 301.140 HA 1 to HA 7) p. 24	\$0	\$0	\$29,871	\$29,871

<u>FISCAL IMPACT – Local Government</u> (continued)	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2029)
<u>Revenue</u> – (Counties 10%) increase in motorcycle registration fees collected (§301.055, 301.070 & 301.140 HA 1 to HA 7) p. 24	\$0	\$0	\$19,913	\$19,913
<u>Loss</u> – motor vehicle dealer plate fees being deposited into the Motor Vehicle Commission Fund (§301.560 HA 1 to HA 7) p. 27-28	\$0	\$0	(\$106,393)	(\$106,393)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$642,046</b>	<b>\$770,455</b>	<b>\$1,765,524</b>	<b>\$1,765,524</b>

FISCAL IMPACT – Small Business

Small license contract offices will be positively impacted while other small businesses that are required to license and title vehicles will pay more as a result of this proposal. Small agriculture businesses could be positively impacted by this proposal. Small businesses that register motor vehicles could be impacted by this proposal. Small motor vehicle dealerships could be impacted by this proposal.

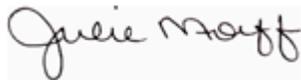
FISCAL DESCRIPTION

This act modifies provisions relating to the Department of Revenue.

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 National Guard  
Missouri Veterans Commission  
Missouri Highway Patrol  
Missouri Department of Transportation  
Missouri Department of Agriculture  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Office of Administration - Budget and Planning  
Missouri Department of Conservation  
Department of Social Services  
Department of Elementary and Secondary Education  
Office of the State Treasurer  
Department of Corrections



Julie Morff  
Director  
April 4, 2024



Ross Strobe  
Assistant Director  
April 4, 2024