

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3410H.02C  
 Bill No.: HCS for HB 2317  
 Subject: Licenses - Motor Vehicle; Business and Commerce; Motor Vehicles; Department of Revenue  
 Type: Original  
 Date: April 24, 2024

Bill Summary: This proposal requires used motor vehicles to be inspected prior to any sale.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$86,759)	(\$79,593)	(\$80,884)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$86,759)</b>	<b>(\$79,593)</b>	<b>(\$80,884)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Highway Fund (0644)	Unknown, Less than \$250,000	Unknown, Less than \$250,000	Unknown, Less than \$250,000
Highway Patrol Inspection Fund (0297)	Unknown, Less than \$250,000	Unknown, Less than \$250,000	Unknown, Less than \$250,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Unknown, Less than \$250,000</b>	<b>Unknown, Less than \$250,000</b>	<b>Unknown, Less than \$250,000</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

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

#### Administrative Impact

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

- Hire additional FTE due to an increase in consumer complaints;
- 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

Total = \$1,796

#### FY 2025 - Strategy and Communications Office

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

Total = \$216

#### FY 2025 – General Counsel’s Office

If the increase is more significant than anticipated or additional laws are passed that impact the General Counsel’s Office (GCO), additional FTE or Attorneys may be requested through the appropriations process. It is unclear how many individuals/dealers will appeal to the Administrative Hearing Commission (AHC) for a violation for improper inspection that would lead to a dealer suspension or revocation.

**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 1 FTE will be required (Project Specialist at \$45,624 with related equipment expenses).

*Fusion Impact*

Development and testing \$250/hour x 50hrs = **\$12,500**

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** does not have information to the contrary and therefore, Oversight will reflect the estimates for 1 FTE and the Fusion costs as provided by DOR.

Officials from the **Missouri Highway Patrol (MHP)** assume the following regarding this proposal:

The fiscal impact to the state of Missouri on vehicle inspections equates to \$1.50 per each additional used vehicle safety inspected prior to sale, with \$1.00 deposited into the Highway Fund (0644) and \$0.50 deposited into Highway Patrol's Inspection Fund (0297). It is unknown how many additional inspections, per year, would be conducted with this proposed legislation.

**Oversight** notes, this proposal requires a motor vehicle safety inspection be provided to the purchaser, unless the vehicle has less than 36,000 miles within three years of its model year. Oversight is unable to determine how many more vehicles will require a safety inspection as a result of this proposal; therefore, Oversight will reflect an "Unknown, but less than \$250,000" fiscal impact to the Highway Fund and the Highway Patrol Inspection Fund.

Officials from the **Missouri Department of Transportation** 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 for MoDOT.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE FUND</b>			
<u>Cost – DOR – Fusion implementation consultant</u>	(\$12,500)	\$0	\$0
<u>Costs - DOR</u>			
Personnel Service	(\$38,020)	(\$46,536)	(\$47,467)
Fringe Benefits	(\$27,252)	(\$33,057)	(\$33,417)
Expense & Equipment	(\$8,987)	\$0	\$0
<u>Total Costs - DOR</u>	<u>(\$74,259)</u>	<u>(\$79,593)</u>	<u>(\$80,884)</u>
FTE Change	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$86,759)</u></b>	<b><u>(\$79,593)</u></b>	<b><u>(\$80,884)</u></b>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE
<b>HIGHWAY FUND</b>			
<u>Revenue – MHP – increase in the number of inspections (\$1 per)</u>	Unknown, Less than \$250,000	Unknown, Less than \$250,000	Unknown, Less than \$250,000
<b>ESTIMATED NET EFFECT ON THE HIGHWAY FUND</b>	<b><u>Unknown, Less than \$250,000</u></b>	<b><u>Unknown, Less than \$250,000</u></b>	<b><u>Unknown, Less than \$250,000</u></b>
<b>HIGHWAY PATROL INSPECTION FUND</b>			
<u>Revenue – MHP – increase in the number of inspections (\$0.50 per)</u>	Unknown, Less than \$250,000	Unknown, Less than \$250,000	Unknown, Less than \$250,000
<b>ESTIMATED NET EFFECT ON THE HIGHWAY PATROL INSPECTION FUND</b>	<b><u>Unknown, Less than \$250,000</u></b>	<b><u>Unknown, Less than \$250,000</u></b>	<b><u>Unknown, Less than \$250,000</u></b>

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

FISCAL IMPACT – Small Business

Small businesses that provide motor vehicle inspections or sell used motor vehicles could be impacted by this proposal.

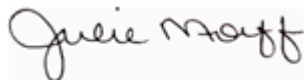
FISCAL DESCRIPTION

This proposal requires used motor vehicles to be inspected prior to any sale.

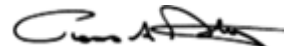
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
 Missouri Highway Patrol  
 Missouri Department of Transportation



Julie Morff  
 Director  
 April 24, 2024



Ross Strobe  
 Assistant Director  
 April 24, 2024