

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3680H.011  
 Bill No.: HB 1626  
 Subject: Transportation; Department of Revenue; Licenses - Driver's  
 Type: Original  
 Date: December 19, 2023

Bill Summary: This proposal modifies provisions relating to school bus endorsements.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$14,878)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$14,878)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Highway Fund*	Up to \$88,750	Up to \$106,500	Up to \$106,500
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Up to \$88,750</b>	<b>Up to \$106,500</b>	<b>Up to \$106,500</b>

\*From commercial driver's license applicants between 70-76 who now are allowed to obtain (and pay for) a six year license instead of a 1-3 year license. Per the Department of Revenue, this increase in the first three years of passage will stabilize after year three, as applicants who would normally renew after the three-year document, would not need to renew since they were issued a six-year document.

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>
<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 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government*</b>	<b>Up to \$29,583</b>	<b>Up to \$35,500</b>	<b>Up to \$35,500</b>

\*From commercial driver’s license applicants between 70-76 who now are allowed to obtain (and pay for) a six year license instead of a 1-3 year license. Per the Department of Revenue, this increase in the first three years of passage will stabilize after year three, as applicants who would normally renew after the three-year document, would not need to renew since they were issued a six-year document.

## 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:

- Review rules and regulations and initiate changes as applicable;
- Project documentation development and oversight
- Work with OA-ITSD to develop business requirements and system design for the Missouri Electronic Driver License system and supporting applications to incorporate new renewal terms for CDL holders age seventy to seventy-six and changing the mandatory age for an annual retest for school bus endorsement holders issuance.
- Work with contract modernized system vendor to define required system changes for MVDL system named “FUSION.”
- Work with MSHP and DOR Third Party test sites to define changes to testing procedures for current programs and upgraded testing programs.
- OA ITSD complete programming and user acceptance testing;
- Update procedures, forms, and the Department website;
- Update the Uniform License Issuance Manual (ULIM);
- Update the on-line address change request process;
- Vendor complete changes and user testing for FUSION.
- Update the Missouri Driver Guide (on-line and printed versions);
- Update the Missouri CDL Manual; and
- Modify internal training programs and train staff.

#### FY 2025 - Driver License Bureau

Research/Data Assistant 200 hrs. @ \$19.38 per hr. =\$3,876  
Research/Data Analyst 240 hrs. @ \$28.88 per hr. =\$6,931  
Administrative Manager 100 hrs. @ \$33.24 per hr. =\$3,324  
Total =\$14,131

#### FY 2025 - Personnel Services Bureau

Associate Research/Data Analyst 80 hrs. @ \$23.15 per hr. = \$1,852

Total Administrative Costs **\$15,983**

**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, due to the significant change in testing requirements, additional costs may be incurred by DOR and Missouri Highway Patrol (MHP) to draft changes and reprint the non-commercial driver guide and commercial driver license manual. Currently MHP incurs the cost for printing of the manuals.

**DOR** notes OA-ITSD services will be required at a cost of **\$14,878** in FY 2025 (141.70 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.

Revenue Impact

**DOR** notes, during FY 2023, there were 266 one-year commercial licenses with school bus endorsement issued that required skills testing for persons aged 70 and over. The fees are waived for these school bus endorsement one-year applicants today; however, under the proposed changes, some of these individuals less than seventy-seven years of age may be eligible for a three or six year license and applicable fees will be applied, which may result in increased collections.

There are approximately 19,295 commercial document holders aged seventy to seventy-six years on file as of December 2023. Under the proposed change in §302.735.2, these commercial license holders may be eligible for an issuance term longer than 0-3 years. In addition, any new commercial license applicant aged 70 and over would also be eligible for up to a six-year term. Applicant six-year fees would be applied resulting in a potential increase in revenue.

Potential revenue increase:

A breakdown of issuance based on actual age at time of application was not available for this estimate; however, based on FY 2023 total issuance statistics, 7,100 0–3-year term new and renewal documents were issued for persons aged 70 and over.

7,100 x \$20 = \$142,000      Current three year fees collected for potential new and renewal applicants aged 70 and over

7,100 x \$40= \$284,000      Total of potential six-year fee collections that may result in increased revenue of \$142,000

The estimated increased revenue from the change in issuance term would be distributed to State Highway Funds, cities and counties as follows:

75% to Highway Fund	\$106,500
15% to Cities	\$ 21,300
10% to Counties	\$ 14,200

This increase in the first three years of passage will stabilize after year three, as applicants who would normally renew after the three-year document, would not need to renew since they were issued a six-year document.

There may be an increase in general revenue from branch office processing fee increases related to the change from a three-year processing fee to a six-year processing fee. Since there is only one DOR central branch office that is in operation today, the increase in branch fees is assumed to be minimal. Contract license offices will see an increase in collections statewide related to the term of issuance change for persons seventy to seventy-four years of age.

DOR’s new Motor Vehicle and Driver Licensing system vendor indicates that this will require amendments to system edits. Since the proposed implementation date is prior to the go-live date for the driver license services upgrade, the vendor estimated, based on initial review, that this could be incorporated as part of the original implementation and no additional cost will be incurred. If more significant system changes are required the impact may change.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the revenue estimates as “Up to 142,000” per year.

Officials from the **Missouri Highway Patrol, Missouri Department of Transportation 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<u>Cost – DOR – OA-ITSD costs</u>	<u>(\$14,878)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$14,878)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – State Government</u> (continued)	FY 2025	FY 2026	FY 2027
<b>HIGHWAY FUND</b>			
<u>Revenue</u> – increased revenue due to option to obtain a six-year endorsement vs. a three-year endorsement	<u>Up to \$88,750</u>	<u>Up to \$106,500</u>	<u>Up to \$106,500</u>
<b>ESTIMATED NET EFFECT ON THE HIGHWAY FUND</b>	<b><u>Up to \$88,750</u></b>	<b><u>Up to \$106,500</u></b>	<b><u>Up to \$106,500</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue</u> – Cities (15%) - increased revenue due to option to obtain a six-year endorsement vs. a three-year endorsement	<u>Up to \$17,750</u>	<u>Up to \$21,300</u>	<u>Up to \$21,300</u>
<u>Revenue</u> – Counties (10%) - increased revenue due to option to obtain a six-year endorsement vs. a three-year endorsement	<u>Up to \$11,833</u>	<u>Up to \$14,200</u>	<u>Up to \$14,200</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Up to \$29,583</u></b>	<b><u>Up to \$35,500</u></b>	<b><u>Up to \$35,500</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

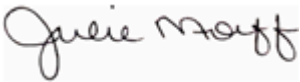
This bill raises from 70 to 76 the age at which drivers seeking a school bus endorsement must start taking the required examinations annually. The bill also increases from 70 to 77 the age at which renewal fees are waived.

This bill contains an emergency clause.

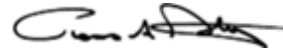
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Missouri Highway Patrol  
Department of Elementary and Secondary Education  
Missouri Highway Patrol



Julie Morff  
Director  
December 19, 2023



Ross Strobe  
Assistant Director  
December 19, 2023