

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4225H.011
Bill No.: HB 2097
Subject: Motor Vehicles; Licenses - Motor Vehicle; Department of Revenue
Type: Original
Date: January 9, 2024

Bill Summary: This proposal modifies the motor vehicle biennial registration option so that model year is not taken into consideration.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$191,363)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$191,363)	\$0	\$0

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

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;
- Complete programming and user acceptance testing;
- Update the Missouri Transportation Accounting System (MTAS) tables; and
- Train internal and contract license office staff.

FY 2025 – Motor Vehicle Bureau

Lead Administrative Support Assistant 60 hrs. @ \$18.54 per hr. = \$1,112
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 2026 – Systems Analysis and Support

Research/Data Analyst 127 hrs. @ \$27.00 per hr. = \$3,429
Administrative Manager 64 hrs. @ \$29.31 per hr. = \$1,876
Associate Research/Data Analyst 506 hrs. @ \$21.64 per hr. = \$10,950

FY 2026 – 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 = **\$25,902**

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.

DOR also notes OA-ITSD services will be required at a cost of **\$141,363** in FY 2025 (1,346.31 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.

DOR notes, 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.

Fusion Impact

Implementation Consultant \$250/hour x 200 hrs = **\$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.

Revenue Impact

There could be some variance in revenue the first fiscal year, but the department has determined this to be minimal.

Oversight does not have information to the contrary and therefore, Oversight will not reflect any increase in revenue as indicated by DOR.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Cost – DOR – OA-ITSD costs</u>	(\$141,363)	\$0	\$0
<u>Cost – DOR – Fusion implementation consultant</u>	(\$50,000)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$191,363)	\$0	\$0

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

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

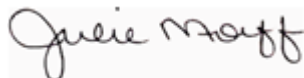
FISCAL DESCRIPTION

This proposal modifies the motor vehicle biennial registration option so that model year is not taken into consideration.

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



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 Director
 January 9, 2024



Ross Strobe
 Assistant Director
 January 9, 2024