

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0176H.01I
Bill No.: HB 378
Subject: Motor Vehicles; Licenses - Motor Vehicle; Law Enforcement Officers and
Agencies
Type: Original
Date: January 31, 2025

Bill Summary: This proposal modifies provisions relating to temporary license plates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	(\$289,646)	(\$114,639)	(\$115,727)
Total Estimated Net Effect on General Revenue	(\$289,646)	(\$114,639)	(\$115,727)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Highway Fund	\$1,073,790	\$415,665	\$415,665
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,073,790	\$415,665	\$415,665

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	More than \$357,930	More than \$138,555	More than \$138,555

FISCAL ANALYSIS

ASSUMPTION

§301.140 – Temporary Vehicle Registrations

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

Administrative Impact

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

- Complete business requirements and design documents to modify the Missouri driver license system (FUSION)
- FUSION generated notices
- Update reports, forms, and the Department website
- Update interactive applications for automated responses to customers through telephone system (current vendor Genesys) or online (DORA);
- Update the Missouri Driver Guide
- Training for employees

FY 2026 – Driver License Bureau (testing of forms and website updates)

Research/Data Analyst 160 hrs. @ \$28.75 per hr. = \$4,600

Research/Data Assistant 160 hrs. @ \$19.29 per hr. = \$3,086

Administrative Manager 40 hrs. @ \$31.21 per hr. = \$1,248

FY 2026 – Strategy and Communications Office (forms and website updates)

Associate Research/Data Analyst 40 hrs. @ \$24.19 per hr. = \$968

Total = **\$9,902**

Motor Vehicle Bureau

With the proposed legislation giving more serious ramifications for operating a vehicle on an expired temporary permit, the Department anticipates an increase in vehicle registration transactions. An increase in registration transactions could be accompanied by a surge in phone calls, correspondence letters, emails, etc. 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. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Drivers License Bureau

DOR notes there were approximately 113,628 temporary permits sold during the period of 1/1/2021 through 7/23/2024 that did not result in the completion of a valid registration for the purchased vehicle, making the potential increase in court ordered suspensions extensive.

A customer service representative can process 224 court-ordered documents per day. The department would require one (1) additional FTE to process the additional court orders of suspension.

Customer Service Rep. (\$3,150 month)
FY26 = \$31,500 (10 months)
FY27 = \$37,800
FY28 = \$37,800

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

Returned Mail

DOR notes, prior statistics show approximately 33% of suspension notices issued will be returned to the Driver License Bureau undeliverable by the postal authorities due to no current address. This will require data entry by a processing technician and preparation of documents for document imaging post data entry.

113,628	Additional Court Ordered Suspensions Received
<u>x 33%</u>	Percent of notices returned by post office
37,497	Additional returned mail received annually
<u>/ 252</u>	Workdays per year
149	Returned mail received per day
<u>/ 472</u>	Documents processed per day
0.32	0.32 FTE needed to process returned mail

The department anticipates that the processing of returned mail can be absorbed by current staffing. If the increase is more significant than anticipated, additional FTE will be requested through the appropriation process.

Increased Postage, Envelope, & Printing Costs

First Class Mail Costs:

- Suspension notices = 113,628
- Reinstatement notices = 71,586 (based on statistics showing 63% of record holders reinstating from suspending actions)

Projected increase of mail = 185,214

FY 2026: $185,214/12 \text{ mo.} = 15,435 \times 10 \text{ mo.} = 154,345$ pieces of mail in the first year after bill passage x \$0.55 = \$84,890 first class postage cost

FY 2027: = \$101,868 first class postage cost

FY 2028: = \$101,868 first class postage cost

Envelope Costs:

- Total envelopes = 185,214

FY2026: $185,214/12 \text{ mo.} = 15,435 \times 10 \text{ mo.} = 154,345$ envelopes in the first year after bill passage x \$0.07 = \$10,804 envelope cost

FY2027: = \$12,965 envelope cost

FY2028: = \$12,965 envelope cost

Letter printing cost:

- 185,214 letters

FY2026: $185,214/12 \text{ mos.} = 15,435 \times 10 \text{ mos.} = 154,345$ pieces of mail in the first year after bill passage x \$0.096 per 1,000 = \$15.44 ($154,350/1,000 = 154.35 \times \0.10 printing cost)

FY2027: = \$17.78 printing cost

FY2028: = \$17.78 printing cost

Total Postage, Envelope, Printing Costs:

FY2026: \$84,890 (1st class) + \$10,804 (envelopes) + \$15.44 (printing) = **\$95,709**

FY2027: \$101,868 (1st class) + \$12,965 (envelopes) + \$17.78 (printing) = **\$114,851**

FY2028: \$101,868 (1st class) + \$12,965 (envelopes) + \$17.78 (printing) = **\$114,851**

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates for postage, envelopes and printing as provided by DOR.

FUSION Impact

DOR notes: Implementation Estimate 15 weeks/600hrs@\$225/hr. = **\$135,000**

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 any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's FUSION costs on the fiscal note.

Revenue Impact

Based on FY 2022 statistics, the department estimates that 63% of those individuals who are suspended will submit the fee required for reinstatement. The department anticipates the same rate for this program. This will result in reinstatement fees collected for 71,586 (113,628 x 63%) actions annually.

The reinstatement fee for a suspension is \$20.

Projected increase in reinstatement fees collected annually (71,586 x \$20) = **\$1,431,720**

Missouri constitution, article IV, section 30(b) requires funds collected by the department be remitted to the state Highway Fund 75%, to the cities 15%, and to the counties 10%.

Oversight does not have information to the contrary and therefore, Oversight will reflect the revenue estimates as provided by DOR. However, Oversight notes, according to DOR there are currently 113,628 vehicles with temporary permits that have not been permanently registered over a period of 31 months. Oversight assumes this number will decrease in the following years; therefore, Oversight will reflect cost and revenue estimates utilizing the annual average number of vehicles over the 31-month period (113,628/31x12=43,985) for FY 2027 and FY 2028. Oversight will use the 63% rate of compliance as estimated by DOR.

The following table reflects the updated estimates:

	FY 2026	FY 2027	FY 2028
Postage	\$84,890	\$39,433	\$39,433
Envelopes	\$10,804	\$5,019	\$5,019
Printing	\$15	\$7	\$7
Revenue from reinstatement fees*	\$1,431,720	\$554,220	\$554,220

*Amount will be distributed 75% Highway Fund, 15% Cities and 10% Counties

In addition, Oversight notes the proposal includes a fine of \$250 if a temporary permit is expired by at least 60 days or a temporary permit has been altered. Oversight cannot determine how many vehicles with temporary permits will be stopped to be inspected by law enforcement; therefore, Oversight will assume an “Unknown” fiscal impact. Oversight assumes this fiscal impact will exceed \$250,000 as only 1,000 drivers will need to be fined to exceed that threshold. Fines are distributed to the school district where the violation occurred. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Oversight notes, based on information provided by the Office of the State Courts Administrator, there were 21,319 misdemeanor guilty dispositions of failing to register a motor vehicle (§301.020) in FY 2024.

Officials from the **Missouri Department of Transportation, Office of the State Courts Administrator** and **Missouri Highway Patrol** 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 **Phelps County Sheriff, Kansas City Police Department** and **St. Louis County Police Department** 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 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Costs - DOR</u>			
Personnel Service	(\$31,500)	(\$38,556)	(\$39,327)
Fringe Benefits	(\$25,785)	(\$31,245)	(\$31,554)
Expense & Equipment	(\$1,652)	(\$379)	(\$387)
<u>Total Costs -</u>	(\$58,937)	(\$70,180)	(\$71,268)
FTE Change	1 FTE	1 FTE	1 FTE
<u>Cost – DOR – Fusion implementation consultant</u>	(\$135,000)	\$0	\$0
<u>Cost – DOR – postage, envelopes, printing</u>	(\$95,709)	(\$44,459)	(\$44,459)

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$289,646)</u>	<u>(\$114,639)</u>	<u>(\$115,727)</u>
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE
HIGHWAY FUND			
<u>Revenue</u> – increase in reinstatement fees	<u>\$1,073,790</u>	<u>\$415,665</u>	<u>\$415,665</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$1,073,790</u>	<u>\$415,665</u>	<u>\$415,665</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> (Cities 15%) – increase in reinstatement fees	\$214,758	\$83,133	\$83,133
<u>Revenue</u> (Counties 10%) – increase in reinstatement fees	\$143,172	\$55,422	\$55,422
<u>Revenue</u> (School Districts*) – §301.140.10 - penalty fees for expired temporary permits	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>More than \$357,930</u>	<u>More than \$138,555</u>	<u>More than \$138,555</u>

*Oversight assumes the revenue could exceed \$250,000 due to the \$250 fine and number of vehicles with currently expired temporary permits

FISCAL IMPACT – Small Business

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

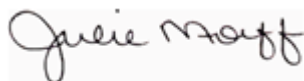
FISCAL DESCRIPTION

This bill authorizes law enforcement officers to stop, inspect, or detain someone solely to determine whether a temporary permit is current. If it has expired, the law enforcement officer must seize the expired temporary permit and assess a penalty of \$200.

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 Department of Transportation
Missouri Highway Patrol
Phelps County Sheriff
Kansas City Police Department
St. Louis County Police Department
Office of the State Courts Administrator



Julie Morff
Director
January 31, 2025



Jessica Harris
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January 31, 2025