

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0831H.01I
Bill No.: HB 334
Subject: Department of Revenue; Motor Vehicles; Licenses - Motor Vehicle
Type: Original
Date: February 3, 2025

Bill Summary: This proposal modifies provisions relating to motor vehicle registration and safety inspection requirements.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	(\$379,178)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$379,178)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Air Remission Reduction Fund (1267)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Highway Fund (0644)	More or Less than (\$2,224,200)	More or Less than (\$1,819,200)	More or Less than (\$1,819,200)
Highway Patrol Inspection Fund (0297)	(\$900,000)	Less than (\$900,000)	Less than (\$900,000)
Total Estimated Net Effect on <u>Other</u> State Funds	More or Less than (\$3,124,200)	More or Less than (\$2,719,200)	More or Less than (\$2,719,200)

Numbers within parentheses: () indicate costs or losses.

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

*Oversight assumes the potential loss of federal highway funds could exceed \$250,000.

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	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

*Oversight assumes the increase in registration fees collected will even out over time.

FISCAL ANALYSIS

ASSUMPTION

§§301.020, 301.032, 301.074, 301.132, 301.147, 301.148, 301.190, 301.380, 301.443, 301.800, 307.360, 307.365, 307.370, 307.375, 307.385, 307.390, 643.303 & 643.315 – Motor Vehicle Provisions

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

Driver License Bureau (DLB)

§301.020.10

Proposes that a first offense for driving with an expired registration may be removed from a person's driver record if, within thirty days of the violation, the person: renews the registration and submits a written request to the Department of Revenue requesting removal of the violation from the record.

The proposed language did not amend provisions for point assessment under §302.302 specific to this offense. Since this is a violation of "driving with an expired registration" it is to be considered a moving violation under §302.302.1(1) and 2 points may be assessed. This may result in suspension or revocation action for accumulation of points.

If an individual is ticketed for an offense of driving with an expired registration and meets vehicle registration renewal provisions prior to court adjudication, then such offense would not be transmitted to the Department of Revenue.

Administrative Impact

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

- Review rules and regulations and initiate changes through JCAR and SOS as applicable.
- Develop project documentation development and oversight of project.
- Work with OSCA to define new offense codes and conviction codes for a violation of driving with expired registration.
- Work with FAST, the MVDL System vendor to develop requirements for changes to the MO driver license system (internally referred to as FUSION) to accept and post to the record offenses of driving with expired registration; and upon notification of compliance of registration renewal and request for removal of allow for system updates to remove the offense from the active driver record information.
- Update policies.
- Work with MSHP, OSCA and other partners to modify manual of state charge codes.

- Define policy to manually review legacy vehicle registration records for compliance upon request from driver.
- Develop systematic process in new modernized system (FUSION) environment with both driver and motor vehicle programs are fully integrated to create a compliance met on an offense of driving with expired registration, so that when request received from individual, the offense may be removed from the reported driver record information.
- FAST complete changes and user testing for FUSION.
- Update procedures, forms, and the Department website.
- Update internal procedures.
- Update the Missouri Driver Guide (on-line and printed versions).
- Update the Missouri CDL Manual.
- Modify internal training programs and train staff.

FY 2026 - Driver License Bureau

Research/Data Assistant 200 hrs. @ \$19.29 per hr. =\$3,858.

Research/Data Analyst 240 hrs. @ \$28.75 per hr. =\$6,900.

Administrative Manager 100 hrs. @ \$31.21 per hr. =\$3,121.

Total =\$13,879

FY 2026 - Communications Office

Associate Research/Data Analyst 80 hrs. @ \$23.04 per hr. = \$1,843.

Total = **\$15,722**

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.

Manual Printing

DOR notes, due to the significant change in testing requirements, additional costs may be incurred by DOR and MSHP to reprint the non-commercial driver guide and commercial driver license manual and destroy any unused outdated materials. Currently MSHP incurs the cost for printing of the manuals. Potential loss is unknown and will be based on the number of printed manuals in stock at the time of distribution of the new manuals.

FUSION Impact

Estimate of change order cost to add new offense code to driver license system and define compliance edits for eligibility to remove the offense if conditions of §301.020.10 are met.

The DLB estimates, based on similar requests, that vendor hours may be approximately 200 hours to add this new offense and compliance.

\$225 x 200= **\$45,000**

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

DOR notes the DLB does not have statistics on potential registration violations to determine potential impact and FTE needs. DLB assumes for the purposes of this fiscal note that potential offenses and removals of such may be managed with current staffing. If the volume of such convictions exceeds a volume of manual work that exceeds available staffing, appropriations must be requested.

Motor Vehicle Bureau (MVB)

Safety Inspections

Proposed language seeks to remove the need for vehicle safety inspections in all cases apart from school buses. This presents an impact to the Motor Vehicle Bureau through the updating of systems, correspondence, and employee training,

Registration

Proposed language seeks to add the option of 3-year, 5-year, and permanent registration options for motor vehicles. This presents an impact to the Motor Vehicle Bureau through the updating of systems, correspondence, and employee training,

Inoperable Vehicles

Proposed language allows for first offense forgiveness for driving on an expired registration provided the individual renews their registration and submits a written request to the Driver License Bureau. The Motor vehicle Bureau expects an increase in voluntary registration suspensions for inoperable vehicles in response to these non-point violations.

Administrative Impact

To implement the proposed provisions of this bill the MVB would be required to:

- Update procedures, manuals, Department website, and correspondence letters.
- Update systems to remove safety inspection requirements for vehicle registration.
- Update systems to allow for variable year requirements for registration, including fee tables, personal property tax lookup, and various other data fields.
- Send communications to stakeholders as applicable.
- May need additional FTE to handle possible increase in voluntary registration suspensions, however it is unknown at this time. At the time of implementation, the department may pursue additional FTE through the appropriation process.
- Additional equipment for any hired FTE.

FY 2026 – Systems Analysis & Support

Associate Research/Data Analyst 757 hrs. @ \$26.03/hr. =\$19,705
Research/Data Analyst 189 hrs. @ \$27.87/hr. =\$5,267
Administrative Manager 95 hrs. @ \$30.25/hr. =\$2,874

FY 2026 – Strategy & Communications Office

Associate Research/Data Analyst 140 hrs. @ \$26.03/hr. =\$3,644
Research/Data Analyst 40 hrs. @ \$27.87/hr. =\$1,115

Total = **\$32,605**

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, regarding the removal of safety inspections, the Motor Vehicle Bureau does not estimate a change in received funds.

For the proposed language to add 3-year and 5-year vehicle registration options, MVB estimates an unknown initial increase in registration fees as the registrations who elect to obtain a 3-year or 5-year registration will be required to pay at three-to-five times the standard annual rate. However, this impact is expected to average out over the course of a few years as these same registrations will not require renewal for several additional years.

Regarding the proposed indefinite registration, the MVB estimates an initial increase in funds as an unknown portion of the public participates and pays ten times the usual annual fees. Should the vehicle remain registered for more than 10 years in Missouri, then there will be a net negative fiscal impact. On the other hand, a revenue increase may be generated as the registration is non-refundable and non-transferable. Ultimately, the key details of public interest and estimated participation cannot be known at this time, and so an estimate cannot be accurately projected.

The combinations of registration applicants having a 3, 5, and permanent vehicle registration option will likely, as mentioned, result in a front-loaded increase in registration fees that will even out and stabilize overtime. This could result in unstable registration fee collections that go to MoDOT for transportation purposes (75% Cities, 15% Cities, and 10% Counties).

FUSION Impact

Updating Safety inspection requirements:
10 hours @ \$225/hr. = \$2,250

Implementation of 3-year, 5-year, & permanent registration:
500 hours @ 225/hr. = \$112,500

Total = **\$114,750**

DOR notes OA-ITSD services will be required at a cost of **\$219,428** in FY 2026 (2,089.79 hours x \$105 per hour).

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 OA-ITSD and FUSION costs on the fiscal note.

Oversight assumes there will be an initial increase in revenue due to offering a 3 and 5 year registration option; however, the increase will even out over time. In addition, Oversight assumes, depending upon motor vehicle drivers' interest in a permanent registration option, that revenue could decrease if drivers choose the permanent option vs. continuing to pay on an annual or 2 year basis. Therefore, Oversight will reflect a negative to positive Unknown fiscal impact to the Highway Fund, Cities and Counties. Oversight assumes these unknown amounts could exceed \$250,000.

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

Current statutes fund the administration of safety inspections through the charging of a fee of \$1.50 to purchase an inspection sticker/authority to apply to a vehicle which passed the inspection.

The deposit of fees collected is broken up with \$1.00 going to Highway Fund (0644) and \$.50 going to Highway Patrol Inspection Fund (0297). The estimated number of safety inspections annually is 1.8 million.

1.8 million x \$1.00 = **\$1,800,000** - Highway Fund (0644)

1.8 million x \$0.50 = **\$900,000** - Highway Patrol Inspection Fund (0297)

If this legislation is enacted, there would be a one-time cost of fully refunding safety inspection stations for their inventory of safety inspection sticker/authorities. This is calculated by estimating the statewide inventory of stickers/authorities and multiplying by the \$1.50 that would be reimbursed.

The statewide inventory in stations at a given time is estimated to be 15% of their annual supply.

In Section 8.185, the Patrol currently has spending authority for \$100,000 for the refund of unused stickers. If enacted, the Patrol would need additional spending authority for these refunds. The Patrol assumes this would be an expenditure for only one fiscal year.

1.8 million x .15 (15%) x \$1.50 = Total **\$405,000** - Highway Fund (0644)

If this proposal is enacted, there would be an annual cost of providing forms to inspection stations for the purposes of filling out an IDentification Number and ODometer Verification (ID/OD). Currently, the cost of that form is absorbed by the state through funding generated from the safety inspection sticker sales. The cost of that triplicate form is currently \$0.12 and has increased approximately 100% in the last four years. Currently, a safety inspection also serves as an ID/OD, so the elimination of safety inspections will result in more ID/ODs to be supported. An estimate has been requested from the Department of Revenue on how much of an increase this would be but has not yet been provided. For this estimate, MHP will use 500,000 annually. An electronic version of an ID/OD report is currently provided complimentary in locations using a vendor sourced safety inspection application (electronic technology). The Highway Patrol Inspection Fund (0297) would not be available if this proposal is enacted. To calculate the fiscal impact of providing the form to inspection stations for the purpose of reporting ID/OD inspections, the number of estimated annual ID/OD inspections is multiplied by \$0.12.

160,000 estimated annual ID/OD inspections x \$0.12 = Total **\$19,200** - Highway Fund (0644)

Upon further inquiry, **Oversight** notes MHP states there would be an unknown cost savings, to the Highway Fund (0644) and Highway Patrol Inspection Fund (0297). That said, personnel would remain at the same funding level as it is right now in terms of the number of FTE. Statutorily, the Patrol will still have responsibility for oversight of the emissions testing program, salvage vehicle inspections, school bus inspections, oversight of the ID/OD inspection program, and the review and approval of motor vehicle dealer inspections. In terms of school bus inspections, this legislation leaves in the language that school buses have to be inspected prior to the start of school by an approved inspection station. Part of the appropriation will need to be left in place for these types of inspections but it is unknown how many stations will continue to do safety inspections for buses when no other inspections for vehicles will be required. Again, there may be an unknown cost savings but that savings may not be realized until FY 2027 and beyond.

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

Officials from the **Department of Natural Resources (DNR)** assume the following regarding this proposal:

The Gateway Vehicle Inspection Program (GVIP) is the state's program for administering the Clean Air Act mandated emission inspections for vehicles registered in the St. Louis area. Unless exempted, emission tests are required for motor vehicle registration renewals every two years and also between most ownership transfers. The fee for the emissions test is \$24, of which \$2.50 is paid to the State. The proposed bill will allow vehicle owners the new options to register their vehicles for 3-years, 5-years, or permanently. Since the enforcement mechanism for the emission inspection program is registration denial, these new options would allow vehicles to remain registered without the required biennial emission inspection required under GVIP.

It is likely that many, but unknown how many, vehicle owners that are subject to the emission inspection requirement will opt for an extended registration period allowing the vehicles to remain registered without passing the required biennial emission inspection. This will lower the amount of emission inspections conducted, and the corresponding fees the department collects for the inspections.

However, it is unknown how many fewer emission inspections would be conducted because of these new options. Therefore, the reduction in the emission fees to fund 1267 (Missouri Air Emission Reduction Fund) is \$0 to unknown.

Additionally, the state's rule to implement GVIP (10 CSR 10-5.381) includes numerous mentions of the biennial safety inspection that would no longer be applicable if the safety inspection requirement is eliminated. As such the department would need to undertake a rulemaking to remove or replace the references to the safety inspection. This would require time from existing team members to develop and move the rulemaking through the administrative process.

Multiple sections of state statutes will be affected by this proposal. The bill deletes 4 sections and revises 18 more. This proposal seeks to eliminate the safety inspection requirement for most vehicles registered in the state but does not eliminate the emission inspections required in the St. Louis area under the Gateway Vehicle Inspection Program (GVIP). The state rule for the emission inspection program (10 CSR 10-5.381) includes numerous references to the safety inspection and safety inspectors. As such, the bill will require the department to amend the state rule to remove or replace these references to the safety inspection. The team member's time needed to develop the rulemaking to remove or replace the references to the safety inspection is estimated at 300-350 hours for an Environmental Program Specialist position. This would be a one-time cost to department of \$9,758 - \$11,384. The department anticipates being able to absorb these costs. However, until the FY 2026 budget is final, the department cannot identify specific funding sources. Absorbing these costs would divert resources from other priorities and core assignments of department team members.

The department notes the federal highway funds the St. Louis area receives each year could be withheld from the state if the Clean Air Act sanctions are triggered.

Oversight will reflect a \$0 (Missouri found to be in compliance) to an “Unknown” loss of federal highway funds if the Clean Air Act sanctions are triggered. Oversight assumes this loss could exceed \$250,000.

Summary of Impacts

DNR notes the projected reduction in fee revenue in fund 1267 (Air Emission Reduction Fund) that would result from the new exemption is \$0 to unknown.

Oversight does not have information to the contrary and therefore, Oversight will reflect a \$0 to Unknown loss of revenue to the Air Emission Reduction Fund (1267).

DNR notes an Environmental Program Specialist at a one-time cost of \$9,758 to \$11,384 (based on an annual salary of \$67,656 not including fringe and indirect).

The department anticipates being able to absorb these costs. However, until the FY 2026 budget is final, the department cannot identify specific funding sources.

Oversight assumes DNR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DNR could absorb the rulemaking costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DNR could request funding through the appropriation process.

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 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Cost</u> – DOR – OA-ITSD and FUSION costs p. 5 & 7	<u>(\$379,178)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$379,178)</u>	<u>\$0</u>	<u>\$0</u>
AIR EMISSION REDUCTION FUND (1267)			
<u>Loss</u> – DNR – reduced fees for new exemption p. 10	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE AIR EMISSION REDUCTION FUND (1267)	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
HIGHWAY FUND (0644)			
<u>Revenue</u> – increase in registration fees collected for 3 and 5 year motor vehicle registrations p. 7	Unknown	Unknown	Unknown
<u>Savings</u> – MHP – no longer maintaining a motor vehicle inspection program p. 8	\$0	Unknown	Unknown
<u>Cost</u> – MHP – one-time cost for reimbursing inspection stations for unused inspection stickers p. 8	<u>(\$405,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Cost</u> – MHP – forms for ID/OD inspections p. 8	<u>(\$19,200)</u>	<u>(\$19,200)</u>	<u>(\$19,200)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<u>Loss</u> – decrease in registration fees collected for permanent motor vehicle registrations p. 7	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – MHP – loss of funds collected from the motor vehicle inspection stickers p. 7	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)
ESTIMATED NET EFFECT ON THE HIGHWAY FUND (0644)	More or Less than (\$2,224,200)	More or Less than (\$1,819,200)	More or Less than (\$1,819,200)
HIGHWAY PATROL INSPECTION FUND (0297)			
<u>Savings</u> – MHP – no longer maintaining a motor vehicle inspection program p. 8	\$0	Unknown	Unknown
<u>Loss</u> – MHP – loss of funds collected from the motor vehicle inspection stickers p. 7	(\$900,000)	(\$900,000)	(\$900,000)
ESTIMATED NET EFFECT ON THE HIGHWAY PATROL INSPECTION FUND (0297)	(\$900,000)	Less than (\$900,000)	Less than (\$900,000)
FEDERAL HIGHWAY FUNDS*			
<u>Loss</u> – potential loss of federal highway funds due to Clean Air Act sanctions p. 10	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON FEDERAL HIGHWAY FUNDS	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*Oversight assumes the potential loss of federal highway funds could exceed \$250,000.

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS*			
<u>Revenue</u> (Cities and Counties) – increase in registration fees collected for 3 and 5 year motor vehicle registrations p. 7	Unknown	Unknown	Unknown
<u>Loss</u> (Cities and Counties) – decrease in registration fees collected for permanent motor vehicle registrations p. 7	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

*Oversight assumes the increase in registration fees collected will even out over time. Oversight assumes the decrease in registration fees collected for permanent motor vehicle registrations could exceed \$250,000.

FISCAL IMPACT – Small Business

Small businesses that provide motor vehicle inspections and small businesses that are required to register motor vehicles will be impacted as a result of this proposal.

FISCAL DESCRIPTION

This bill repeals the inspection requirement for non-commercial motor vehicles which is currently required in order to renew a motor vehicle license.

The air quality and emission inspection requirements for St. Louis and some specified areas which are mandated by Federal law are not modified. Inspection stations may still perform school bus safety inspections, and odometer reading inspections and services for transferring vehicle ownership.

The bill also specifies that the first offense for driving with expired registration may be removed from a driver's record if, within 30 days, the driver renews the registration and submits a requests to the Department of Revenue requesting the removal.

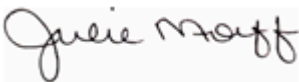
Beginning January 1, 2026, the Director of Revenue may provide owners of certain motor vehicles the additional options of a three-year and five-year registration as specified in the bill.

In addition, motor vehicles may be registered permanently upon payment of 10 times the applicable fees required to register the vehicle annually.

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
Department of Natural Resources
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
February 3, 2025



Jessica Harris
Assistant Director
February 3, 2025