

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1180H.02P
Bill No.: Perfected HCS for HB 247
Subject: Transportation; Department of Revenue; Motor Vehicles; Licenses - Motor Vehicle
Type: Original
Date: February 20, 2025

Bill Summary: This proposal establishes a five-year motor vehicle registration option for motor vehicles with a model year of manufacture that is less than six years old.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	(\$662,976)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$662,976)	\$0	\$0

*Most of the costs above (\$442,758) are for OA-ITSD services. This cost could be avoided if there was a delayed effective date of implementation as DOR is in the process of obtaining a new Motor Vehicle and Driver's License software system.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Highway Fund* (0644)	Unknown	Unknown	Unknown or (Unknown)
Highway Patrol Inspection Fund (0297)	\$0	\$0	(Unknown, Less than \$250,000)
Air Remission Reduction Fund (1264)**	\$0 to (Could be less than \$1,524,944)	\$0 to (Could be less than \$1,524,944)	\$0 to (Could be less than \$1,774,944)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Could be less than \$1,524,944)	\$0 to (Could be less than \$1,524,944)	\$0 to (Could be less than \$1,774,944)

*Increase in revenue in first two fiscal years is due to having a five-year registration option for vehicles that are less than five years old (potentially collecting registration fees for years 3 through 5 in year 1). The increase in revenue will balance out after the first two years of implementation. It is unknown how many vehicle owners will request to do the five-year vehicle registration option. It is anticipated that the unknown could be above the \$250,000 threshold.

**Reduction in emission inspection fees.

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
Air Remission Reduction Fund (1267) Savings	0 to Unknown	0 to Unknown	0 to Unknown
Total Estimated Net Effect on FTE	0 to Unknown	0 to Unknown	0 to Unknown

- 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	Unknown	Unknown or (Unknown)

*Increase in revenue in first two fiscal years is due to having a five-year registration option for vehicles that are less than five years old (potentially collecting registration fees for years 3 through 5 in year 1). The increase in revenue will balance out after the first two years of implementation. It is unknown how many vehicle owners will request to do the five-year vehicle registration option.

FISCAL ANALYSIS

ASSUMPTION

§§301.130 & 301.147 – Five-Year Motor Vehicle Registration Option

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:

- 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.
- Train internal and contract license office staff.

It is assumed 5-year vehicle registration requests will take additional processing time over current 1 or 2-year registrations as vehicle qualifications must be reviewed. In addition, the subsequent registration of said vehicle will require proof of 5 years of paid personal property taxes. However, following through with the program will likely reduce or maintain the overall workload as the individual registering the vehicle will not be required to register again for 5 years. No additional FTE required.

FY 2026 Motor Vehicle Bureau

Lead Administrative Support Asst. 75 hrs. @ \$19.14/hr. =\$1,436
Associate Research/Data Analyst 300 hrs. @ \$26.03/hr. =\$7,809
Research/Data Analyst 100 hrs. @ \$27.87/hr. =\$2,787
Administrative Manager 60 hrs. @ \$35.10/hr. =\$2,106

FY 2026 – Systems Analysis & Support

Associate Research/Data Analyst 1582 hrs. @ \$22.33/hr. =\$35,326
Research/Data Analyst 396 hrs. @ \$27.87/hr. =\$11,037
Administrative Manager 198 hrs. @ \$35.10/hr. =\$6,950

FY 2026 – Strategy & Communications Office

Associate Research/Data Analyst 400 hrs. @ \$22.33/hr. =\$8,932

Total = **\$76,383**

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 OA-ITSD services will be required at a cost of **\$442,758** in FY 2026 (4,216.74 hours x \$105 per hour).

FUSION Impact

Implementation Consultant \$225/hour x 500hrs = **\$112,500**

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.

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.

Revenue Impact

DOR notes the following:

FY 2022 314,884 vehicles 5 years and under that were registered
FY 2023 321,400 vehicles 5 years and under that were registered
FY 2024 325,203 vehicles 5 years and under that were registered
Average: 320,496

FY 2022 \$34,013,343 total amount of fees paid
FY 2023 \$39,635,925 total amount of fees paid
FY 2024 \$35,862,194 total amount of fees paid
Average: \$36,503,820

It is unknown how many registrants will elect for a 5-year registration. There will be an unknown increase in registration fees collected in the first few years after implementation of this bill. This increase should balance out in subsequent years. Registration fees are distributed to 75% Highways/15% Cities/10% Counties.

For the purposes of this fiscal note, the Department will reflect a 25% annual participation rate. Using the average registration amounts for FY 22, FY23, and FY24 x 4 for the additional years of registration would be as follows:

FY 25	\$36,503,820/12 x 6	= \$16,678,556
FY 26		= \$27,377,865
FY 27		= \$16,678,556

Anyone seeking a 5-year registration under the proposed language will be required to pay registration fees at 5 times the normal rate. This means the Motor Vehicle Bureau will likely see a temporary increase in registration fee collections that will average out as these same vehicles will not require registration renewal for 5 years.

However, it is important to note that registration fees are not refundable or transferable should the vehicle change owners. Due to this the proposed language could result in a net positive of registration fee collections. It will be impossible to quantify this figure as it relies on too many variables, with the keystone of public interest and expected participation in the program being an unknown, as well as the duration vehicles will be kept by owners before selling.

Since no changes were made to Section 136.055 there will be a significant loss of processing fees for contract offices.

Oversight assumes there will be an increase in revenue in the first two years after implementation of this proposal if vehicle owners (of vehicles less than five years old) choose the five-year registration option. Oversight will reflect an increase in revenue for fiscal years 2026 and 2027. Oversight assumes the revenue will then even out in FY 2028 as registrations will decrease due to vehicles utilizing the five-year registration option in 2026 and 2027. Oversight is unsure if the revenue from new five-year registrations collected in FY 2028 will be greater than or less than the normal (1 or 2 year) registration fee that would normally be collected in FY 2028, but were already paid in FY 2026 or FY 2027. Therefore, Oversight will range the revenue impact in FY 2028 from a positive Unknown to negative (Unknown).

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

The Patrol assumes that approximately 25% of those eligible for the 5-year registration option proposed in the bill would choose this option. As such, the Patrol determines the potential decrease in motor vehicle safety inspections performed statewide, as a result of the provisions of the bill, is estimated to be 6,250 inspections.

The state of Missouri receives \$1.50 from each safety inspection performed. Of that amount, \$1.00 is deposited into the Highway Fund (0644) and \$0.50 to the Highway Patrol Inspection Fund (0297). The potential reduction of an estimated 6,250 safety inspections could result in a negative fiscal impact to the Highway Fund of \$6,250 and \$3,125 to the Highway Patrol Inspection Fund per year.

Oversight is unable to determine how many vehicles will no longer require safety inspections as a result of this proposal; however, Oversight assumes the number will be minimal as current statute does not require a safety inspection if the vehicle is less than ten years old and has less than 150,000 miles. Oversight will reflect an “Unknown, but less than \$250,000” fiscal impact to the Highway Fund and the Highway Patrol Inspection Fund starting in FY 2028.

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

The bill text at 301.147.2. would allow vehicle owners a new option to register their vehicles for 5-years if the vehicle is less than five model years old. Unless exempted, emission tests under GVIP are required for motor vehicle registration renewals every two years and between most ownership transfers. The fee for the emissions test is \$24, of which \$2.50 is paid to the State. Since the enforcement mechanism for the emission inspection program is registration denial, this new option 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 the 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 this new option. As a result, the corresponding reduction in the fees collected would be estimated at \$0 to \$1.5 million annually.

FY23 Initial Inspections: 765,799

FY24 Initial Inspections: 759,145

FY 23/24 Average Annual Initial Inspections: $(765,799 + 759,145)/2 = 762,472$

Lost annual inspection revenue for inspection stations:

$762,472 \times \$2.50 = \$1,906,180 / 5 = \$381,236$

$\$1,906,180 - \$381,236 = \$1,524,944$

Oversight does not have information to the contrary and therefore, Oversight will reflect a loss of revenue range from \$0 to \$1,524,944 to the Air Emission Reduction Fund (1267).

DNR assumes there will also be a loss of FTE due to the loss in revenue; however, the number of FTE lost and the classifications are unknown at this time due not knowing the exact number of emissions inspections that will be lost each year. There are 10 full-time team members who are fully funded by GVIP and another 25 team members who are partially funded by GVIP, which

could be impacted. These classifications range from administrative team members such as Administrative Support Assistants to professional team members such as Environmental Program Analysts and Environmental Program Managers.

Oversight does not have information to the contrary and therefore, Oversight will reflect a savings range from \$0 to Unknown, Could exceed \$250,000 to the Air Emission Reduction Fund (1267).

DNR also assumes, in addition, to the reduced inspection fees, the new option of a 5-year registration would not conform to Missouri's federally approved state implementation plan under the Clean Air Act for vehicles in St. Louis that are subject to the emission inspection requirements in RSMo Sections. 643.300 – 643.355. This could result in Clean Air Act sanctions of federal highway funds in St. Louis. The department recommends the bill author refer to the fiscal note from MoDOT for more precise figures on the federal highway funds the St. Louis area receives each year, which 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.

House Amendment 1

§§301.020 & 307.350 – Motor Vehicle Inspections

Officials from the **Department of Revenue (DOR)** assumed the following regarding these sections of proposal:

Administrative Impact

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

- Update procedures, manuals, public correspondence, and website materials
- Update department systems to incorporate changed registration requirements
- Train current employees

FY 2026 – Systems Analysis & Support

Associate Research/Data Analyst 254 hrs. @ \$26.03/hr. =\$6,612

Research/Data Analyst 64 hrs. @ \$27.87/hr. =\$1,784

Administrative Manager 32 hrs. @ \$35.10/hr. =\$1,123

FY 2026 – Strategy & Communications Office

Associate Research/Data Analyst 80 hrs. @ \$26.03/hr. =\$2,082

Research/Data Analyst 60 hrs. @ \$27.87/hr. =\$1,672

Total = **\$13,273**

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.

FUSION Impact

Implementation: 10 hrs. @\$225/hr. = **\$2,250**

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

Subsection 301.190.10

Officials from the **Department of Revenue (DOR)** assumed the following regarding these subsections of proposal:

- Allows an employee of a licensed new or used motor vehicle dealer to complete a motor vehicle ID/OD inspection and collect the associated fee if:
 - o Sold to an out-of-state resident for intended registration out of state, OR
 - o The vehicle is under 30,000 miles for 3 years following the year of manufacture.
- Outlines disciplinary action for dealers that knowingly complete a safety inspection with incorrect information.

Subsection 307.380.1

- Specifies that the seller of a used motor vehicle must have a safety inspection completed no more than sixty days prior to sale.
- Outlines that a safety inspection for a used motor vehicle is not required to be provided by the seller if:
 - o Sold to an out-of-state resident for intended registration out of state, OR
 - o The vehicle is under 30,000 miles for 3 years following the year of manufacture when sold to a private seller, or sold by a licensed dealer that sold at least 200 motor vehicles the prior year.
- Specifies that the seller's safety inspection will be required documentation from the buyer at the time of registration, which would be outside the normal even year to even model year and odd year to odd model year requirements for safety inspections.

The provisions added to this bill in Section 307.380, specifically the requirement to bring in the safety inspection at the time of registration when required by this section, conflicts with the safety inspection requirements found in the introduced bill. Additional system and administrative costs could apply. Until this is fixed, the additional costs, if applicable is unknown.

Administrative Impact

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

- Update procedures, manuals, public correspondence, and website materials.
- Train current employees.
- NOTE: As per Systems Analysis team, impact will be to current procedures and practices; no system impact.

FY2026 – Strategy & Communications Office

Associate Research/Data Analyst 40 hrs. @ \$26.03/hr. =\$1,041

Research/Data Analyst 40 hrs. @ \$27.87/hr. =\$1,115

GRAND TOTAL =\$2,156

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 does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

The fiscal impact estimated above is based on changes in the current Department's Motor Vehicle system environment. The implementation of this legislation will be coordinated with the integration of the Department's Motor Vehicle and Driver Licensing 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.

In response to a similar proposal from this year (HB 799), **DOR** notes OA-ITSD services will be required at a cost of **\$70,873** in FY 2025 (674.98 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.

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

For each safety inspection performed, one dollar is deposited into the Highway Fund (0644) and fifty cents is deposited into the Highway Patrol Inspection Fund (0297), which would be reduced with this proposed legislation.

This bill removes the requirement for vehicles over 10 years old to be safety inspected prior to registration unless there is an odometer reading of 150,000 or more. Starting with model year

2012 vehicles, the vehicle will only require a safety inspection after reaching 150,000 miles. Each year of registration renewals, starting August 28, 2025, a particular group of vehicles will be exempted from the safety inspection process, which would have been required to be inspected under current law. Each year will add a group of vehicles to that list of exempted vehicles. Every two years, a new group will be added while simultaneously subtracting a percentage of vehicles based on mileage accrued in that year. The projected fiscal impact will have many variables and unknowns.

The methodology used for the calculations are as follows:

- a. Sample data from the Department of Revenue was used to estimate the number of registrations for a given model year (2011) vehicle. The data indicated that 120,000 was a reasonable base number and this model year is the most comparable year for accurate comparison.
- b. Inspection data was utilized to determine that 60% of 2011 model year vehicles inspected in 2023 were under 150,000 miles. 72,000 will be the base number used for estimating newly annual-exempted vehicles.
- c. Each cycle of the biennial inspection would add a percentage of vehicles that were previously exempted by mileage (under 150,000) but are now not exempted. This rate is estimated at 62% of the base number, which would be added each cycle.
- d. Under current law, the safety inspection for registration is only applicable if the vehicle year and the registration year are even/even or odd/odd.
- e. The above-referenced projections were utilized to project “exemptions added” by the bill, which would begin with significance on August 28, 2025, meaning just over 83% of FY 2026.

1. Base annual accrual: $120,000 \times 0.60 = 72,000$
2. FY 2026: $72,000 \times 0.83 = (59,760)$ using 60,000
3. FY 2027: $120,000 \times 0.60 = 72,000$
4. FY 2028: $(72,000 \times 0.62) = 44,640 + 72,000 = 116,640$
5. FY 2029: $(\text{FY 27 total } (72,000) \times 0.62) = 44,640 + 72,000 = 116,640$
6. FY 2030: $(\text{base annual accrual } \times 0.20) (0.62 \times 72,000) + 72,000 = 14,400 + 44,640 + 72,000 = 131,040$

Oversight does not have information to the contrary; however, Oversight assumes there are too many variables to accurately estimate a specific fiscal impact. Therefore, Oversight will reflect an “Unknown, less than \$250,000” loss to the Highway Fund and the Highway Patrol Inspection Fund for each fiscal year.

§301.448 – Military License Plates

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:

- Update charts, procedures and the Department website;
- Update the Application for Missouri Personalized and Special License Plate (DOR-1716, and DOR-4601).

FY 2027 – Motor Vehicle Bureau

Associate Research/Data Analyst 60 hrs. @ \$26.03 per hr. = \$1,562
Research/Data Analyst 20 hrs. @ \$27.87 per hr. = \$557
Administrative Manager 10 hrs. @ \$35.10 per hr. = \$351
Total= \$2,470

FY 2027– Strategy and Communications Office

Associate Research/Data Analyst 60 hrs. @ \$26.03 per hr. = \$1,562
Research/Data Analyst 20 hrs. @ \$27.87 per hr. = \$557
Administrative Manager 10 hrs. @ \$35.10 per hr. = \$351
Total= \$2,470

Overall Total = \$4,940

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 notes OA-ITSD services will be required at a cost of **\$14,506** in FY 2025.

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.

House Amendment 2

§301.469 – Missouri Conservation Heritage Foundation License Plates

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:

- Update charts, procedures and the Department website;
- Update the Application for Missouri Personalized and Special License Plate (DOR-1716); and
- Complete programming and user acceptance testing for identified systems.

FY 2025 – Motor Vehicle Bureau

Associate Research/Data Analyst 80 hrs. @ \$26.03 per hr. = \$2,082

Research/Data Analyst 20 hrs. @ \$27.87 per hr. = \$557

Administrative Manager 10 hrs. @ \$30.25 per hr. = \$302

FY 2025 – Strategy and Communications Office

Associate Research/Data Analyst 40 hrs. @ \$22.33 per hr. = \$893

Total costs: \$3,834

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.

The fiscal impact estimated above is based on changes in the current Department's Motor Vehicle 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 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 OA-ITSD services will be required at a cost of **\$22,339** in FY 2025 (212.76 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.

Bill as a whole:

Officials from the **Missouri Department of Transportation** and the **Missouri Department of Conservation** 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 (6 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Cost – DOR – OA-ITSD services</u> <u>§§301.130 & 301.147 p.4-8</u>	(\$442,758)	\$0	\$0
<u>Cost – DOR – OA-ITSD services</u> <u>§301.469 (HA2) p.13</u>	(\$22,339)	\$0	\$0
<u>Cost – DOR – OA-ITSD services</u> <u>§307.380.1 (HA1) p.10</u>	(\$70,873)	\$0	\$0
<u>Cost – DOR – OA-ITSD services</u> <u>§301.448 (HA1) p.12</u>	(\$14,506)	\$0	\$0
<u>Cost – DOR – Fusion implementation</u> <u>consultant §§301.130 & 301.147 p.4-8</u>	(\$112,500)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$662,976)</u>	<u>\$0</u>	<u>\$0</u>
AIR EMISSION REDUCTION FUND (1267)			
<u>Savings – DNR</u> FTE savings -Decrease in Emissions inspections §301.147.2 p.7-8	\$0 to Unknown, could exceed \$250,000	\$0 to Unknown, could exceed \$250,000	\$0 to Unknown, could exceed \$250,000

<u>Loss</u> – DNR decrease in emissions inspections §301.147.2 p.7-8	\$0 to (\$1,524,944)	\$0 to (\$1,524,944)	\$0 to (\$1,524,944)
ESTIMATED NET EFFECT ON THE AIR EMISSION REDUCTION FUND (1267)	\$0 to (Less than \$1,524,944)	\$0 to (Less than \$1,524,944)	\$0 to (Less than \$1,524,944)
FEDERAL HIGHWAY FUNDS*			
<u>Loss</u> – potential loss of federal highway funds due to Clean Air Act sanctions §301.147.2 p.7-8	\$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)
HIGHWAY FUND(0644)**			
<u>Revenue</u> – increase and then potentially decrease in registration fees due to a five-year registration option §§301.130 & 301.147 p.4-8	Unknown	Unknown	Unknown or (Unknown)
<u>Revenue</u> – MHP – decrease in the number of inspections §§301.130 & 301.147 p.4-8	\$0	\$0	(Unknown, Less than \$250,000)
<u>Loss</u> – MHP – less inspections required §307.380.1 (HA 1) p.10-11	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)
ESTIMATED NET EFFECT ON THE HIGHWAY FUND (0644)	Unknown	Unknown	Unknown or (Unknown)

<u>FISCAL IMPACT – State Government</u>	FY 2026 (6 Mo.)	FY 2027	FY 2028
HIGHWAY PATROL INSPECTION FUND (0297)*			
<u>Revenue</u> – MHP – decrease in the number of inspections §§301.130 & 301.147 p.4-8	\$0	\$0	(Unknown, Less than \$250,000)
<u>Loss</u> – MHP – less inspections required §307.380.1 (HA 1) p10-11	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)
ESTIMATED NET EFFECT ON THE HIGHWAY PATROL INSPECTION FUND (0297)	<u>(Unknown, less than \$250,000)</u>	<u>(Unknown, less than \$250,000)</u>	<u>(Unknown, Less than \$250,000)</u>

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

**It is unknown how many vehicle owners will request to do the five-year vehicle registration option.

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (6 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS*			
<u>Revenue</u> (Cities 15%) – increase and then potentially decrease in registration fees due to a five-year registration option §§301.130 & 301.147 p.4-8	Unknown	Unknown	Unknown or (Unknown)
<u>Revenue</u> (Counties 10%) – increase and then potentially decrease in registration fees due to a five-year registration option §§301.130 & 301.147 p.4-8	<u>Unknown</u>	<u>Unknown</u>	Unknown or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Unknown</u>	<u>Unknown</u>	Unknown or (Unknown)

*It is unknown how many vehicle owners will request to do the five-year vehicle registration option.

FISCAL IMPACT – Small Business

Small businesses that provide safety inspections could be impacted as a result of this proposal. In addition, license contract offices' processing fees in §136.055 could be impacted.

FISCAL DESCRIPTION

Beginning January 1, 2026, the Director of the Department of Revenue will be authorized to issue to owners of motor vehicles with a model year of manufacture less than six years, other than as provided in the bill, the option of a five-year registration period if the fee collected is equal to the annual registration fee plus a pro rata amount for the additional years of the registration, and presentation of all documentation otherwise required by law for vehicle registration.

This bill provides that the application for a Missouri Conservation Heritage Foundation emblem license plate and payment of the \$25 contribution may be made at the time of registration to the Director of the Department of Revenue, who must deposit the contribution to the credit of the Missouri Conservation Heritage Foundation.

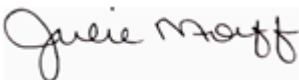
Currently, safety inspections are not required for registration of a motor vehicle having less than 150,000 miles for the 10-year period following the model year of manufacture.

This bill changes that exemption to motor vehicles having less than 150,000 miles and are model year 2012 or newer.

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
Missouri Department of Conservation
Department of Natural Resources



Julie Morff
Director
February 20, 2025



Jessica Harris
Assistant Director
February 20, 2025