

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2064H.02C  
 Bill No.: HCS for HB Nos. 799, 334, 424 & 1069  
 Subject: Motor Vehicles; Department of Revenue  
 Type: Original  
 Date: February 7, 2025

Bill Summary: This proposal modifies motor vehicle inspection requirements.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	(\$70,873)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$70,873)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Highway Fund (0644)*	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)
Highway Patrol Inspection Fund (0297)*	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown, less than \$250,000)</b>	<b>(Unknown, less than \$250,000)</b>	<b>(Unknown, less than \$250,000)</b>

\*Oversight is unable to determine an exact fiscal impact due to too many variables and unknowns.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§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.

**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.

Officials from the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE FUND</b>			
<u>Cost – DOR – OA-ITSD services</u>	<u>(\$70,873)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$70,873)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>HIGHWAY FUND (0644)</b>			
<u>Loss – MHP – less inspections required</u>	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)
<b>ESTIMATED NET EFFECT ON THE HIGHWAY FUND</b>	<b>(Unknown, less than \$250,000)</b>	<b>(Unknown, less than \$250,000)</b>	<b>(Unknown, less than \$250,000)</b>
<b>HIGHWAY PATROL INSPECTION FUND (0297)</b>			
<u>Loss – MHP – less inspections required</u>	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)
<b>ESTIMATED NET EFFECT ON THE HIGHWAY PATROL INSPECTION FUND</b>	<b>(Unknown, less than \$250,000)</b>	<b>(Unknown, less than \$250,000)</b>	<b>(Unknown, less than \$250,000)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

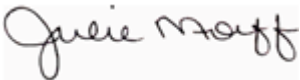
Currently, safety inspections are not required for registration of a motor vehicle having less than 150,000 miles for the 10-year period following the model year of manufacture.

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 Highway Patrol  
Missouri Department of Transportation



Julie Morff  
Director  
February 7, 2025



Jessica Harris  
Assistant Director  
February 7, 2025