

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2405H.011
 Bill No.: HB 1069
 Subject: Motor Vehicles; Roads and Highways; Department of Revenue
 Type: Original
 Date: February 3, 2025

Bill Summary: This proposal repeals the motor vehicle safety inspection program.

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Highway Fund (0644)	(\$2,224,200)	Less than (\$1,819,200)	Less than (\$1,819,200)
Highway Patrol Inspection Fund (0297)	(\$900,000)	(\$900,000)	(\$900,000)
Missouri Air Remission Reduction Fund (1267)	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
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
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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§301.020, 301.032, 301.074, 301.132, 301.147, 301.190, 301.380, 301.443, 301.800, 307.350, 307.353, 307.355, 307.360, 307.370, 307.375, 307.380, 307.385, 307.390, 307.402, 643.303 & 643.315 – Motor Vehicle Inspection Program

Oversight was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

In response to a similar proposal from 2025 (HB 334), officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

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,

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.

Updating Safety inspection requirements:
10 hours @ \$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.

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 his 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 impacts the GVIP in two ways. At Section 643.315.2.(10), the bill removes language pertaining to an exemption for vehicles less than four years old and have only had one owner. The language the bill removes would no longer require the vehicle to have an odometer reading of 40,000 miles or less at its first required biennial inspection to receive the exemption. This will result in more vehicles that will receive this exemption and reduce the fee revenue for the department. At this time, the number of additional exemptions that will be caused by the bill due to this is unknown. Therefore, the loss of fee revenue is also unknown.

The second impact on GVIP from the proposed bill is that at Section 643.315.4.(3), the bill would remove the sentence that exempts vehicle sales from obtaining an emission inspection if the sale meets one of the exemptions in Section 307.380.2. RSMo. The exemptions in Section 307.380.2. RSMo include vehicles sold for junk, salvage, or for rebuilding, or vehicles sold at public auction, or from dealer to dealer. By removing this sentence from the statute and the corresponding exemption for these types of vehicle sales to obtain an emission inspection, it will (likely unintentionally) increase the amount of emission inspections required. At this time, it is unknown how many additional vehicle sales would no longer meet the exemption and thus would need to obtain an emission inspection. Therefore, the increased fee revenue as a result of the elimination of these exemptions is also unknown.

The bill seeks to eliminate the safety inspection requirement for most vehicles registered in the state, but the bill 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. Additionally, the state's rule to implement GVIP (10 CSR 10-5.381) includes language regarding the 40,000 mile or less requirement for the exemption of vehicles less than four years old. As such, the department would need to undertake a rulemaking to update this rule language to remove mentions of the safety inspection and also the 40,000 mile qualifier for the exemption of vehicles less than four years old. This would require time from existing team members to develop and move the rulemaking through the administrative process. The team member time needed to develop the rulemaking to remove or replace the references to the safety inspection and the 40,000 mile qualifier language for the exemption is estimated at 350 hours for an Environmental Program Specialist position. This would be a one-time cost to department of approximately \$11,386. 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.

Summary:

Costs for rulemaking:

350 hr. of Environmental Program Specialist salary

$350 \times \$32.53 = \$11,386$ - 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.

DNR notes:

Lost Fee Revenue from removal of 40,000 mileage qualifier for exemption:

Unknown - Missouri Air Emission Reduction Fund (1267)

Additional Fee Revenue from removing the exemption for certain vehicle sales:

Unknown - Missouri Air Emission Reduction Fund (1267)

Oversight does not have information to the contrary and therefore, Oversight will reflect a positive Unknown increase in revenue to an Unknown loss of revenue to the Air Emission Reduction Fund (1267). Oversight cannot determine if the increase and decrease of funds will exceed \$250,000 as there are too many unknown variables such as the number of vehicles that will no longer qualify for an exemption.

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.

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 only reflects the responses received from state agencies and political subdivisions; however, other law enforcement agencies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
MISSOURI AIR REMISSION REDUCTION FUND (1267)			
<u>Revenue</u> – DNR – increase in fees collected from removing the exemption on certain vehicle sales p. 7	Unknown	Unknown	Unknown
<u>Loss</u> – DNR – decrease in fees collected from the removal of the 40,000 mile qualifier for exemption p. 7	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE MISSOURI AIR REMISSION REDUCTION FUND (1267)	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>
HIGHWAY FUND (0644)			
<u>Savings</u> – MHP – no longer maintaining a motor vehicle inspection program p. 5	\$0	Unknown	Unknown
<u>Cost</u> – MHP – one-time cost for reimbursing inspection stations for unused inspection stickers p. 5	(\$405,000)	\$0	\$0
<u>Cost</u> – MHP – forms for ID/OD inspections p. 5	(\$19,200)	(\$19,200)	(\$19,200)
<u>Loss</u> – MHP – loss of funds collected from the motor vehicle inspection stickers p. 4	<u>(\$1,800,000)</u>	<u>(\$1,800,000)</u>	<u>(\$1,800,000)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND (0644)	<u>(\$2,224,200)</u>	Less than <u>(\$1,819,200)</u>	Less than <u>(\$1,819,200)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
HIGHWAY PATROL INSPECTION FUND (0297)			
<u>Savings</u> – MHP – no longer maintaining a motor vehicle inspection program p. 5	\$0	Unknown	Unknown
<u>Loss</u> – MHP – loss of funds collected from the motor vehicle inspection stickers p. 4	(\$900,000)	(\$900,000)	(\$900,000)
ESTIMATED NET EFFECT ON THE HIGHWAY PATROL INSPECTION FUND (0297)	(\$900,000)	(\$900,000)	(\$900,000)

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

FISCAL IMPACT – Small Business

Small businesses that provide motor vehicle inspections 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 can still perform school bus safety inspections, odometer reading inspections, and services for transferring vehicle ownership.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 2405H.011

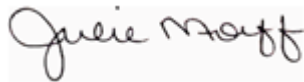
Bill No. HB 1069

Page **10** of **10**

February 3, 2025

SOURCES OF INFORMATION

Department of Revenue
Missouri Department of Transportation
Missouri Highway Patrol
Department of Natural Resources
Phelps County Sheriff
Kansas City Police Department
St. Louis County Police Department



Julie Morff
Director
February 3, 2025



Jessica Harris
Assistant Director
February 3, 2025