

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4657H.01I
Bill No.: HB 2036
Subject: Motor Vehicles; Department of Revenue
Type: Original
Date: January 9, 2026

Bill Summary: This proposal modifies motor vehicle inspection requirements.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(\$70,873)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$70,873)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Highway Fund (1644)*	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)
Highway Patrol Inspection Fund (1297)*	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§301.020 & 307.350 – Motor Vehicle Inspections

Officials from the **Department of Revenue (DOR)** assumed the following regarding this 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 2027 – Systems Analysis & Support

Associate Research/Data Analyst 254 hrs. @ \$31.16/hr. =\$7,915

Research/Data Analyst 64 hrs. @ \$37.14/hr. =\$2,377

Administrative Manager 32 hrs. @ \$51.40/hr. =\$1,645

FY 2027 – Strategy & Communications Office

Associate Research/Data Analyst 80 hrs. @ \$31.16/hr. =\$2,493

Research/Data Analyst 60 hrs. @ \$37.14/hr. =\$2,228

Total = \$16,658

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

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.

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.

DOR notes OA-ITSD services will be required at a cost of **\$70,873** in FY 2027 (674.98 hours x \$105 per hour).

Oversight does not have any information to the contrary in regard 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 2013 vehicles, the vehicle will only require a safety inspection after reaching 150,000 miles. Each year of registration renewals, starting August 28, 2026, 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, 2026. This will involve 2014 model vehicle exemptions until December 31, then 2013 and 2015 model vehicle exemptions for 2027 calendar year.

1. Base annual accrual: $120,000 \times 0.60 = 72,000$

2. FY 2027 August 28 – December 31, 2026: $72,000 \times 0.33 = 23,760$ (will use 24,000) + January 1 – June 30, 2026 $72,000 + 44,600 = 116,600 \times 0.5 = 58,000$
 $24,000 + 58,000 = 82,000$ total estimated exemptions

3. FY 2028 (will exempt 2 models for the entire fiscal year: $72,000 + 44,000 = 116,000$ total estimated exemptions

4. FY 2029 (will exempt 2 models for the first half of the fiscal year): $116,000 \times 0.5 = 58,000$ and (3 models the second half of the fiscal year (2012, 2014, 2016)): (base annual accrual $\times 0.20$) + $(0.62 \times 72,000) = 14,400 + 44,640 + 72,000 = 131,040 \times 0.5 = 65,520$ (will use 65,000)
 $58,000 + 65,000 = 123,000$ total estimated exemptions

5. FY 2030 (will exempt 3 models the entire fiscal year) $65,000 \times 2 = 130,000$ total estimated exemptions

6. FY 2031 is unknown but will use 131,000 as an estimate, assuming the remaining vehicles in model year are either out of operation, not going to reach 150,000 miles etc.

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 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DOR (§§301.020 & 307.350)</u> OA-ITSD services p.4	<u>(\$70,873)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$70,873)</u>	<u>\$0</u>	<u>\$0</u>
HIGHWAY FUND (1644)			
<u>Loss – MHP (§§301.020 & 307.350) –</u> Less inspections required p.5	<u>(Unknown, less than \$250,000)</u>	<u>(Unknown, less than \$250,000)</u>	<u>(Unknown, less than \$250,000)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND (1644)	<u>(Unknown, less than \$250,000)</u>	<u>(Unknown, less than \$250,000)</u>	<u>(Unknown, less than \$250,000)</u>
HIGHWAY PATROL INSPECTION FUND (1297)			
<u>Loss – MHP (§§301.020 & 307.350) –</u> Less inspections required p.5	<u>(Unknown, less than \$250,000)</u>	<u>(Unknown, less than \$250,000)</u>	<u>(Unknown, less than \$250,000)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY PATROL INSPECTION FUND (1297)	<u>(Unknown, less than \$250,000)</u>	<u>(Unknown, less than \$250,000)</u>	<u>(Unknown, less than \$250,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses that conduct motor vehicle inspections and small businesses that utilize motor vehicles that require inspections could be impacted 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 a model year of 2013 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



Julie Morff
Director
January 9, 2026



Jessica Harris
Assistant Director
January 9, 2026