COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4873H.01I
Bill No.: HB 2977
Subject: Taxation and Revenue - General; Motor Vehicles; Tax Credits; Taxation and Revenue - Sales and Use; Taxation and Revenue - Property; Business and Commerce; Licenses - Motor Vehicle; Property, Real and Personal
Type: Original
Date: January 26, 2026

Bill Summary: This proposal prohibits the act of registering a motor vehicle in another state with the intent to circumvent the titling and registration requirements of this state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Conservation Commission Fund (1609)*	Unknown	Unknown	Unknown
Parks, Soils and Water Fund (1613 & 1614)*	Unknown	Unknown	Unknown
School District Trust Fund (1688)*	Unknown	Unknown	Unknown
State Road Bond Fund (1319)*	Unknown	Unknown	Unknown
State Road Fund (1320)*	Unknown	Unknown	Unknown
Total Estimated Net Effect on Other State Funds	**Unknown**	**Unknown**	**Unknown**

* Oversight assumes the Unknown increase in revenue will exceed $250,000 as indicated by DOR.

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 All 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	**Unknown**	**Unknown**	**Unknown**

FISCAL ANALYSIS

ASSUMPTION

§§301.010, 301.092, 301.093 & 301.094 – Motor Vehicle Registration

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

Administrative Impact

To implement the proposed changes, the Department of Revenue would be required to:

- Update desk procedures, public correspondence, and website information
- Create new procedures and training guides
- Train current staff
- Potential modifications to FUSION edits for driver license residence address verification

The department will continue its current non-automated system review for account audits, including the assessment of additional fines. There will be no impact to current systems.

The proposed legislation may cause an increase in telephone inquiries, emails, and mailed-in correspondence. If the workload is greater than anticipated, additional FTE may be requested through the appropriation process.

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.

Revenue Impact

DOR notes the proposal will have an unknown but potentially significant positive impact on Motor Vehicle Sales tax collections that likely would exceed $2 million.

Oversight does not have information to the contrary; however, Oversight cannot determine how many Missouri residents register their motor vehicles in a state other than Missouri. Therefore, Oversight will reflect an Unknown increase in revenue due to the potential increase in the collection of motor vehicle sales tax from those that are currently registering their vehicle in another state as a Missouri resident.

In addition, the proposal indicates a fine of 75% of the amount of the unpaid fees and taxes for a Missouri resident who willfully makes a false statement in regards to the purchase of a motor vehicle subject to taxes and fees or willfully attempts in any manner to evade payment of the fees and taxes.

Oversight notes motor vehicle sales tax is distributed as follows:

State Road Bond Fund (1319)	1.500%
School District Trust Fund (1688)	0.500%
Conservation Commission Fund (1609)	0.125%
Parks, Soil and Water Fund (1613 & 1614)	0.100%
Funds Dedicated for Highway & Transportation Use*	2.000%

Funds Dedicated for Highway & Transportation Use are further broken down into the following:

State Road Fund (1320)	75%
Cities	15%
Counties	10%

Oversight will assume the Unknown increase in revenue will exceed $250,000 as indicated by DOR.

Officials from the **Missouri Highway Patrol** and **Department of Elementary and Secondary Education** 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.

Officials from the **Missouri Department of Transportation** defer to DOR for the potential fiscal impact of this proposal.

Oversight notes that violations of Sections 301.092, 301.093 and 301.094 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of $0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

FISCAL IMPACT – State Government	FY 2027 (10 Mo.)	FY 2028	FY 2029
CONSERVATION COMMISSION FUND (1609)			
Revenue Gain (§§301.092 – 301.094) Increase in the collection of motor vehicle sales tax and penalties	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON THE CONSERVATION COMMISSION FUND	**Unknown**	**Unknown**	**Unknown**
PARKS, SOIL AND WATER FUND (1613 & 1614)			
Revenue Gain (§§301.092 – 301.094) Increase in the collection of motor vehicle sales tax and penalties	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON THE PARKS, SOIL AND WATER FUND	**Unknown**	**Unknown**	**Unknown**
SCHOOL DISTRICT TRUST FUND (1688)			
Revenue Gain (§§301.092 – 301.094) Increase in the collection of motor vehicle sales tax and penalties	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON THE SCHOOL DISTRICT TRUST FUND	**Unknown**	**Unknown**	**Unknown**
STATE ROAD BOND FUND (1319)			
Revenue Gain (§§301.092 – 301.094) Increase in the collection of motor vehicle sales tax and penalties	Unknown	Unknown	Unknown

FISCAL IMPACT – State Government	FY 2027 (10 Mo.)	FY 2028	FY 2029
ESTIMATED NET EFFECT ON THE STATE ROAD BOND FUND	**Unknown**	**Unknown**	**Unknown**
STATE ROAD FUND (1320)			
Revenue Gain (§§301.092 – 301.094) Increase in the collection of motor vehicle sales tax and penalties	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	**Unknown**	**Unknown**	**Unknown**

FISCAL IMPACT – Local Government	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
Revenue Gain (§§301.092 - 301.094) Administrative penalties for not registering a motor vehicle in Missouri if a Missouri resident	$0 to Unknown	$0 to Unknown	$0 to Unknown
Revenue Gain (§§301.092 – 301.094) Cities (15%) Increase in the collection of motor vehicle sales tax and penalties	Unknown	Unknown	Unknown
Revenue Gain (§§301.092 – 301.094) Counties (10%) Increase in the collection of motor vehicle sales tax and penalties	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	**Unknown**	**Unknown**	**Unknown**

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill defines "resident" and "residence address" in the context of motor vehicle registration and driver licensing. There will be a rebuttable presumption that a motor vehicle owned and operated by a resident with a residence address in the State will be subject to the State's titling and registration requirements, and the owner must pay all applicable fees and taxes for the motor vehicle.

The bill provides that it will be unlawful for a resident of the State with a residence address in the State to register a motor vehicle in another state with the intent to circumvent motor vehicle titling and registration requirements or to register a motor vehicle under a shell entity in another state to circumvent motor vehicle titling and registration requirements.

This bill specifies factors for consideration when determining whether a resident intended to circumvent titling and registration requirements by registering the motor vehicle in another state and specifies factors for consideration when determining whether an entity is a shell entity.

If the Department of Revenue determines a resident of the State has registered the motor vehicle in another state, has registered the vehicle under a shell entity in another state, or has willfully made a false statement in regard to the purchase of a motor vehicle, and the resident failed to register the motor vehicle requiring registration, the Department must notify the resident in writing that:

(1) The resident is required to obtain a Missouri certificate of title and registration for the motor vehicle and pay all taxes and fees owed within 60 days;

(2) Failure to pay such taxes will result in a $500 penalty; and

(3) If the resident fails to comply with (1) and (2) within the 60-day time frame, the resident's license will be suspended until all taxes and fees for registration and titling are paid in full.

A resident of this State who willfully makes a false statement about the purchase of a motor vehicle that is subject to fees and taxes for titling and registration in this State, or who willfully attempts to evade payment of related fees and taxes, is guilty of a fraudulent practice and will be assessed a fine equal to 75% of the amount of the unpaid fees and taxes and will be required to pay all applicable fees and taxes at the time the motor vehicle is titled and registered.

The Department of Revenue can use the motorist insurance identification database to identify and determine the ownership of any motor vehicle not properly titled and registered in this State as required by law.

If the Department determines the owner is not in compliance, the Department can impose a $500 penalty on the owner. If the Department determines appropriate fees and taxes were not paid when a motor vehicle was purchased, the owner must pay all appropriate fees, taxes, and penalties to comply with Missouri law.

The Director can waive or reduce penalties imposed under the section related to willful false statements in registering motor vehicles upon making a record of the Department's actions and upon reasonable cause shown.

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
Department of Elementary and Secondary Education
Missouri Department of Transportation

Julie Morff
Director
January 26, 2026

Jessica Harris
Assistant Director
January 26, 2026

KB:LR:OD