

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5251H.02I
Bill No.: HB 2662
Subject: Motor Vehicles; Department of Revenue
Type: Original
Date: January 14, 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)	(\$1,539,700)	(\$1,441,109)	(\$1,439,547)
Highway Patrol Inspection Fund (1297)	(\$625,000)	(\$750,000)	(\$750,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$2,164,700)	(\$2,191,109)	(\$2,189,547)

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
Highway Fund (1644)	(1 FTE)	(1 FTE)	(1 FTE)
Total Estimated Net Effect on FTE	(1 FTE)	(1 FTE)	(1 FTE)

- 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.

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.

FUSION Impact

DOR notes:

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 FUSION 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).

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 (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 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 (1644) and fifty cents is deposited into the Highway Patrol Inspection Fund (1297), which would be reduced with this proposed legislation.

The estimated number of safety inspections annually is 1.8 million. The Patrol projects approximately 1.5 million vehicles annually would no longer be required to obtain a safety inspection due to vehicles being model year 2000 and newer or having less than 150,000 miles.

$1,500,000 \times \$1.00 = \mathbf{\$1,500,000}$ - Highway Fund (1644)
 $1,500,000 \times \$0.50 = \mathbf{\$750,000}$ - Highway Patrol Inspection Fund (1297)

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.

$1,500,000 \times .15 (15\%) \times \$1.50 = \text{Total } \mathbf{\$337,500}$ - Highway Fund (1644)

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 (1297) 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 (1644)

The Patrol realizes there would be a substantial reduction in the Motor Vehicle Inspection Fund (1297) and would likely require supplemental funding to maintain essential duties such as school bus inspections, salvage inspections, etc.

Additionally, one (1) FTE would be eliminated due to reductions in clerical activities.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the MHP.

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 for these agencies.

<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 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>Savings - MHP (§§301.020 & 307.350)</u> 1 FTE no longer required p.5			
Personal Service	\$33,920	\$41,518	\$42,348
Fringe Benefits	<u>\$29,880</u>	<u>\$36,573</u>	<u>\$37,305</u>
Total Savings - MHP	<u>\$63,800</u>	<u>\$78,091</u>	<u>\$79,653</u>
Net FTE Change	(1 FTE)	(1 FTE)	(1 FTE)
<u>Revenue Loss – MHP (§§301.020 & 307.350)</u> Decrease in motor vehicle inspections p.5	<u>(\$1,250,000)</u>	<u>(\$1,500,000)</u>	<u>(\$1,500,000)</u>
<u>Cost - MHP (§§301.020 & 307.350)</u> Reimburse safety inspection stations for unused inspection stickers p.4	<u>(\$337,500)</u>	<u>\$0</u>	<u>\$0</u>
<u>Cost - MHP (§§301.020 & 307.350)</u> To provide ID/OD forms p.5	<u>(\$16,000)</u>	<u>(\$19,200)</u>	<u>(\$19,200)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>(\$1,539,700)</u>	<u>(\$1,441,109)</u>	<u>(\$1,439,547)</u>
Estimated Net FTE Change to the Highway Fund	(1 FTE)	(1 FTE)	(1 FTE)
HIGHWAY PATROL INSPECTION FUND (1297)			

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Revenue Loss</u> – MHP (§§301.020 & 307.350) Decrease in motor vehicle inspections p.5	<u>(\$625,000)</u>	<u>(\$750,000)</u>	<u>(\$750,000)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY PATROL INSPECTION FUND	<u>(\$625,000)</u>	<u>(\$750,000)</u>	<u>(\$750,000)</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 motor vehicle inspection stations and any small businesses that utilize motor vehicles 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 or a model year of 2000 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



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 Director
 January 14, 2026



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 Assistant Director
 January 14, 2026