

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4525-01
Bill No.: HB 1768
Subject: Motor Vehicles; Agriculture
Type: Original
Date: January 4, 2016

Bill Summary: This proposal exempts certain motor vehicles used to transport farm products from motor vehicle inspection requirements.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$18,780)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$18,780)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Highway Fund	(\$298,320) to Unknown	(\$298,320) to Unknown	(\$298,320) to Unknown
Highway Patrol Inspection Fund	(\$149,160)	(\$149,160)	(\$149,160)
Total Estimated Net Effect on Other State Funds	(\$447,480) to Unknown	(\$447,480) to Unknown	(\$447,480) to Unknown

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume this proposal provides for a safety inspection exemption for all motor vehicles confined solely to the transportation of property owned or leased by any person who is the owner or operator of such vehicle to or from a farm owned by such person or under the person's control by virtue of a landlord and tenant lease within the state of Missouri provided that any such property transported to or from any such farm is for use in the operation of such farm.

Administrative Impact:

DOR assumes this safety inspection exemption will be applied to all qualified motor vehicles, not just commercial motor vehicles registered with farm plates as provided in §§301.030 and 301.010.1(25), RSMo.

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY `17.
- The titling manual will need to be revised to include the change. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY `17.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY `17.
- The Department will need to create an affidavit to be used by those claiming the exemption. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY `17.
- Motor Vehicle Bureau user acceptance will need testing for identified system modifications. This will require 80 hours for each system modification for a total of 160 hours by a Management Analyst Specialist I at a cost of \$3,560 in FY `17.
- Total OA-ITSD Impact for FY `17 is 172.8 hours at \$75 per hour = \$12,960.

In summary, DOR assumes a cost of \$18,780 (\$890 + \$890 + \$240 + \$240 + \$3,560 + \$12,960) in FY 2017 to provide for the implementation of the changes in this proposal.

ASSUMPTION (continued)

Revenue Impact:

The elimination of the safety inspection requirements for motor vehicles in the operation of a farm, could potentially lead to an unknown increase in the number of motor vehicles that are issued registration. This will result in an unknown increase in revenue to the Highway Fund, cities, and counties.

Officials from the **Department of Public Safety - Missouri Highway Patrol (DPS-MHP)** assume the proposed legislation would exempt certain motor vehicles used to transport farm products from motor vehicle inspection requirements.

Last year, there were 2,560,432 safety inspections conducted which generated \$3,840,648 (2,560,432 x \$1.50). A 2009 study by the Missouri Economic Research showed there were a total of 107,825 farms which employed 298,320 persons. If the persons employed only exempted one of their vehicles, then the fiscal impact would be \$447,480 (298,320 x \$1.50). However, it is not possible to accurately estimate the exact fiscal implications of this bill since the number of vehicles that will qualify is unknown.

For each sticker sold, one dollar (or 2/3) is deposited in the Highway Fund and fifty cents (or 1/3) is deposited in the Highway Patrol Inspection Fund.

Projected yearly loss in revenue (Highway Fund) is estimated to be \$298,320 ($\$447,480 \times 2/3$).

Projected yearly loss in revenue (Highway Patrol Inspection Fund) is estimated to be \$149,160 ($\$447,480 \times 1/3$).

For fiscal note purposes, **Oversight** will use DPS-MHP's estimated yearly loss in revenue for FY '17, '18 and '19, although these losses could fluctuate from year to year based on the number of vehicles that will qualify.

Officials from the **Department of Agriculture** assume the proposal will have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Cost</u> - DOR - administrative cost to implement changes	<u>(\$18,780)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE	<u>(\$18,780)</u>	<u>\$0</u>	<u>\$0</u>
HIGHWAY FUND			
<u>Revenue</u> - DOR - potential increase in number of vehicles issued registration	Unknown	Unknown	Unknown
<u>Loss</u> - DPS - revenue lost from exemption	<u>(\$298,320)</u>	<u>(\$298,320)</u>	<u>(\$298,320)</u>
ESTIMATED NET EFFECT TO THE HIGHWAY FUND	<u>(\$298,320) to Unknown</u>	<u>(\$298,320) to Unknown</u>	<u>(\$298,320) to Unknown</u>
HIGHWAY PATROL INSPECTION FUND			
<u>Loss</u> - DPS - revenue lost from exemptions	<u>(\$149,160)</u>	<u>(\$149,160)</u>	<u>(\$149,160)</u>
ESTIMATED NET EFFECT TO THE HIGHWAY PATROL INSPECTION FUND	<u>(\$149,160)</u>	<u>(\$149,160)</u>	<u>(\$149,160)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<u>Revenue - Cities</u>			
Potential increase in number of vehicles issued registration	Unknown	Unknown	Unknown
<u>Revenue - Counties</u>			
Potential increase in number of vehicles issued registration	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE LOCAL POLITICAL SUBDIVISIONS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT - Small Business

A small business that earns revenue generated from the safety inspection process may experience a decrease in revenue. Conversely, any small business that owns vehicles for purposes of transporting property owned by such business to and from a farm owned or leased by such business will no longer be required to pay for a safety inspection.

FISCAL DESCRIPTION

This proposal exempts motor vehicles used solely for the purpose of transporting farm property from the vehicle registration requirement, provided the property is used in the operation of the farm.

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

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SOURCES OF INFORMATION

Department of Public Safety
 Missouri State Highway Patrol
Department of Agriculture
Department of Revenue



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January 4, 2016

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January 4, 2016