

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4676-04  
Bill No.: Truly Agreed To and Finally Passed SS for SCS for HB 2008  
Subject: Licenses- Professional, Motor Vehicles, Revenue Dept.  
Type: Original  
Date: May 24, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Highway Funds	\$351,912	\$815,082	\$1,128,007
General Revenue*	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$351,912 to (Unknown)</b>	<b>\$815,082 to (Unknown)</b>	<b>\$1,128,007 to (Unknown)</b>

\* Unknown costs could exceed \$100,000

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$203,125	\$365,625	\$487,500
<b>Local Government</b>	<b>\$203,125</b>	<b>\$365,625</b>	<b>\$487,500</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

This portion of the bill deals specifically with section 301.144 and the impact is as follows:

Officials with the **Department of Economic Development, Department of Revenue, Office of State Courts, Missouri Department of Transportation, and Department of Public Safety-State Water Patrol** assume no fiscal impact on their agencies.

This portion of the bill deals specifically with 301.567 and the impact is as follows:

The **Department of Revenue (DOR)** assumes that this section places more restrictive advertising practices on motor vehicle dealers. This would require the Department of Revenue to provide stricter enforcement of these provisions. DOR would require additional investigators and associate counsel to effectively enforce these stricter advertising practices. The department of revenue cannot determine the additional FTE that these new restrictions are being adhered to, therefore, this section of the bill is unknown.

Officials with the **Department of Economic Development, Missouri Department of Transportation and Department of Public Safety- State Water Patrol** assume no fiscal impact on their agencies.

This portion of the bill deals specifically with titling issues in sections 301.550 and the impact is as follows:

Officials with the **Department of Revenue (DOR)-Driver and Vehicle Service Bureau (DVSB)** assume this proposal would require various changes to the Driver and Vehicle Services Bureau policies, procedures, forms and postage. The DVSB could incur cost in the amount of \$530 to ensure these changes are incorporated. DOR assumes programming modifications will need to be made to our Field Automated System for Titling and Registration. A cost analysis was requested from the current contract vendor, UNISYS, Inc. for programming changes necessary to the FASTR system. The vendor has indicated that this will require 14 hours of programming. Current contract rate of programming is \$150 per hour.  $14 \times \$150 = \$2,100$ .

If highway funds are not available, then another source of funding must be identified to pay for the cost of implementing this legislation.

**Oversight** assumes that any additional costs to DOR will be minimal and can be absorbed from existing resources.

ASSUMPTION (continued)

Officials with the **Department of Economic Development, Missouri Department of Transportation and Department of Public Safety- State Water Patrol** assume no fiscal impact on their agencies.

This portion of the bill deals specifically with titling issues in sections 301.610, 301.620, 301.640, 301.660, 306.405, 306.410, 306.420, 306.430, 306.440, 454.516, 700.355, 700.360, 700.370 and 700.380 and the impact is as follows:

Officials with the **Department of Revenue- Division of Motor Vehicle and Drivers Licensing (DVMDL)** assume this proposal requires all liens to be mailed to the owners versus the current practice of mailing the lien to lienholders. It is estimated that because of the lien being mailed to the owner of the vehicle versus the lienholders that there will be an increase in duplicate titles that will be required due to the owner misplacing, losing, etc. the lien. The number of duplicate titles issued will increase from 10% for FY03, to 15% for FY04 and finally 20% for FY05. The longer an owner has the title the more likely that the title will be misplaced/lost. The division of motor vehicle and drivers licensing anticipates mailing approximately 1,000,000 titles per year to owners.

Revenue Impact

FY03

83,333 (1,000,000x10%=100,000/12x10mos=83,333)

Duplicate application fee= 83,333x\$8.50= \$708,331

25% quick title fee= 83,333x\$5=\$104,116

FY04

150,000 (1,000,000x15%)

Duplicate application fee= 150,000x\$8.50= \$1,275,000

25% quick title fee= 150,000x\$5=\$187,500

FY05

200,000(1,000,000x20%).

Duplicate application fee= 200,000x\$8.50= \$1,700,000

25% quick title fee= 200,000x\$5=\$250,000

ASSUMPTION (continued)

The DVMDL assumes that they would require two (2) Revenue Licensing Tech II for the first year (FY01) to process duplicate requests. This includes receiving, examining, rejecting, key entering, and mailing duplicate requests. This division would also need two (2) additional Revenue Licensing Tech II for FY04 and one (1) additional Revenue Licensing Tech II for FY05 based on the anticipated number of duplicate requests. DMVDL further assumes they could need two (2) Telephone Information operators beginning FY03 to ensure that all calls anticipated from owners, dealers and lienholders are answered and appropriate responses are given. The division would require associated costs for equipment and expenses for the additional FTE.

The DMVDL could also incur cost in the amount \$146,038 for FY03, \$106,632 for FY04 and \$132,045 for FY05 for forms, policies, procedures, and postage required to implement this proposal.

The Information Technology Bureau assumes it would require \$7,142 for programming costs to modify existing systems to implement this proposal. Programming costs will also be required in the amount of \$950 for FY03 to convert and key current child support lien information to DOR's website. The current contract vendor for FASTR has also indicated that this proposal will require 107 hours of programming to the Field Automated System for Titling and Registration. Contract rate of programming is \$150.00 per hour.  $107 \times \$150 = \$16,200.00$ .

Officials with the **Department of Economic Development, Missouri Department of Transportation** and **Department of Public Safety- State Water Patrol** assume no fiscal impact on their agencies.

Officials from the **Secretary of State (SOS)** assume the Department of Revenue will promulgate rules to implement this bill. These rules would be published in both the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Revenue could require as many as (24) pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because of cost statements, fiscal notes and the like are not published in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00 and the estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. The SOS estimates the cost of this legislation to be \$984.  $[(16 \times \$27) + (24 \times \$23) = \$984]$

ASSUMPTION (continued)

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>HIGHWAY FUNDS</b>			
<u>Revenue-</u> Department of Revenue			
Duplicate title application fees	<u>\$609,373</u>	<u>\$1,096,875</u>	<u>\$1,462,500</u>
Total	<u>\$609,373</u>	<u>\$1,096,875</u>	<u>\$1,462,500</u>
<u>Cost-</u> Department of Revenue			
Salaries	(\$70,640)	(\$122,208)	(\$145,559)
Fringe Benefits	(\$25,437)	(\$44,007)	(\$52,416)
Equipment and Expenses	<u>(\$161,384)</u>	<u>(\$115,578)</u>	<u>(\$136,518)</u>
Total	<u>(\$257,461)</u>	<u>(\$281,793)</u>	<u>(\$334,493)</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUNDS</b>	<b><u>\$351,912</u></b>	<b><u>\$815,082</u></b>	<b><u>\$1,128,007</u></b>
<b>GENERAL REVENUE</b>			
<u>Cost-</u> Department of Revenue			
FTE associated with 301.567*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Total	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

\*Unknown costs could exceed \$100,000

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>LOCAL GOVERNMENT</b>			
<u>Revenue- Cities</u>			
Duplicate title application fee	<u>\$121,875</u>	<u>\$219,375</u>	<u>\$292,500</u>
Total	<u>\$121,875</u>	<u>\$219,375</u>	<u>\$292,500</u>
<u>Revenue- Counties</u>			
Duplicate title application fee	<u>\$81,250</u>	<u>\$146,250</u>	<u>\$195,000</u>
Total	<u>\$81,250</u>	<u>\$146,250</u>	<u>\$195,000</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>\$203,125</u></b>	<b><u>\$365,625</u></b>	<b><u>\$487,500</u></b>

FISCAL IMPACT - Small Business

The car and boat dealership business could be impacted by this proposal.

DESCRIPTION

The section of the proposal under 301.144 would enable the Department of Revenue to restrict offensive plates.

The section of the proposal under 301.567 would restrict advertising by car dealerships and grant the responsibility of enforcement to the Department of Revenue.

This proposal also defines "powersport dealer" and would establish such dealers as a class of dealer. A powersport dealer is a franchised dealer who primarily sells motorcycles, all-terrain vehicles, and personal watercraft.

The section of the proposal under 301.610, 301.620, 301.640, 301.660, 306.405, 306.410, 306.420, 306.430, 306.440, 454.516, 700.355, 700.360, 700.370 and 700.380 would eliminate the lienholders possession on motor vehicle certificates of title. The owner of the motor vehicle would be required to list the lienholder on the application for title and failure to do so would be class A misdemeanor. This proposal would specify the process for perfection for lienholders and subordinate lienholders. It is also proposed that once a lien is satisfied, the lienholder must mail or deliver a release stating satisfaction of the lien in a form prescribed by the Director of Revenue.

For lienholders holding certificates of title for liens perfected prior to August 28, 2002, the lienholder must mail the certificate of title to the owner of the motor vehicle by August 28, 2003, provided the owner prepays a transfer fee of up to \$25.

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  
Office of State Courts  
Department of Transportation  
Secretary of State  
Department of Economic Development  
Department of Public Safety  
State Water Patrol



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