

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2765-04
Bill No.: HCS for SB 900
Subject: Environmental Protection; Motor Vehicles
Type: Original
Date: May 6, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Highway Fund	\$21,179	\$92,917	\$93,831
Total Estimated Net Effect on <u>All</u> State Funds	\$21,179	\$92,917	\$93,831

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$25,835	\$31,313	\$31,624

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation** and **Department of Public Safety** assume no fiscal impact to their agency.

Officials from the **Department of Revenue - Driver and Vehicle Services Bureau (DVSB)** assume costs will occur for notifying the field of procedures changes. It is estimated to be \$530 - Highway Funds (\$368 for procedures changes, \$11 for envelopes and \$151 for postage).

Officials from the **Department of Revenue - Information Technology Bureau (ITB)** assume they will incur \$1,687 in overtime programming to update the motor vehicle general registration system to allow for the exemption.

Officials with the **Department of Revenue** assume the provisions of section 307.400 would create a noncompliance issue regarding federal regulations on commercial driver licenses. This section currently would exempt drivers of passenger vehicles which are designated to transport 16 or more passengers (including driver) from Parts 390 through 397 of the Federal Motor Carrier Safety Regulations.

ASSUMPTION (continued)

As such, this noncompliance issue would subject the Department of Transportation to a loss of 5% of apportioned highway funds for the first year of noncompliance and 10% for every subsequent year of noncompliance (potential loss of \$22 million/\$44 million).

Officials from the **Department of Transportation (MoDOT)** assume under the Clean Air Act (CAA), Missouri must comply with the federal Environmental Protection Agency (EPA) approved Inspection and Maintenance (I&M) Program for the state. This proposal would violate the current I&M Program, but similar provisions have been passed by other states and approved by the EPA without problems. This proposal would only violate the CAA until the Missouri Department of Natural Resources (DNR) updates the state regulations and has them approved by the EPA. This proposal would reduce the amount of vehicle emission credits possible for Missouri to use, but by only an extremely small amount.

MoDOT assumes no fiscal impact.

Officials from the **Department of Natural Resources** assume this proposal would exempt from emission inspections vehicles manufactured 26-years prior to the current model year. Current law exempts vehicles manufactured prior to 1971 from emission inspections. It is assumed this proposal would result in a minimal fiscal impact on the department.

Street Rods (HB 1062)

Officials with **Department of Transportation** and **Department of Public Safety - Missouri Highway Patrol** assume this proposal would have no fiscal impact on their agency.

Officials with the **Department of Revenue (DOR), Division of Motor Vehicle and Driver Licensing (DVSB)** assume this proposal will require \$379 for revisions to field procedures and envelopes and \$151 for the postage to distribute the revised procedures to the field. There will also be modifications necessary to forms associated with street rod registration; however, DVSB anticipates that these changes can be made when the form is at a reorder point; therefore, costs will not be incurred.

DVSB cannot determine the number of owners that would apply as a custom vehicle. However, if only 5% (8,185) of these owners apply for this type of vehicle the following costs will be incurred for the flat plate indicating "custom vehicle". If the percent of owners increases/decreases costs would also increase/decrease accordingly.

ASSUMPTION (continued)

Information Technology Bureau (ITB)

ITB will incur programming cost to make modifications to the General Registration System (GRS) and all associated systems, including the Missouri Transportation Accounting System.

Programming Costs for these systems are estimated at \$3,640. In addition, the State Data Center has indicated that this proposal will require approximately \$500 annually for computer storage costs associated with these changes.

FY 05-Cost

Procedures and Postage	\$530
Plates	\$49,437
State Data Center	<u>\$500</u>
Total	\$50,467

FY 06-Cost

State Data Center	\$596
Plates	<u>\$496</u>
Total	\$1,021

FY 07-Cost

State Data Center	\$538
Plates	<u>\$502</u>
Total	\$1,040

Revenue Impact

There are approximately 163,696 motor vehicles currently on the General Registration System (GRS) with a model year of 1949 through 1978 that would qualify as custom vehicle.

DVSB cannot determine the number of owners that would apply as a custom vehicle. However, if only 5% (8,185) of these owners apply for this type of vehicle the following increase in revenues from the additional \$15 would be the impact to state and local revenues as shown. If the percent of applicants increases/decreases revenues would also increase/decrease accordingly.

To implement this legislation, the DOR could require additional funds. In the past, the programs included in this legislation have been paid for with highway funds. This year, however, highway funds may not be available for this purpose as a result of legislation enacted by the General

ASSUMPTION (continued)

Assembly in 2000 that limits the use of highway funds.

This limitation is found in Section 226.200.3, RSMo. It places a cap on the highway funding available to state departments other than the Department of Transportation. The total amount of highway funds appropriated to these other state departments (including the DOR) cannot exceed the total amount of their fiscal year 2001 highway appropriations. This cap limits the highway funds that will be available for the implementation of this legislation.

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

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
HIGHWAY FUND			
<u>Income - Department of Revenue</u>			
Plate Fees	<u>\$77,503</u>	<u>\$93,938</u>	<u>\$94,871</u>
Total	<u>\$77,503</u>	<u>\$93,938</u>	<u>\$94,871</u>
<u>Cost - Department of Revenue</u>			
Salaries	(\$5,327)	\$0	\$0
Equipment & Expense	<u>(\$50,997)</u>	<u>(\$1,021)</u>	<u>(\$1,040)</u>
	<u>(\$56,324)</u>	<u>(\$1,021)</u>	<u>(\$1,040)</u>
NET ESTIMATED COST HIGHWAY FUND	<u>(\$21,179)</u>	<u>\$92,917</u>	<u>\$94,871</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
LOCAL GOVERNMENT			
Cities - Increase in Revenue from \$15 plate fees	\$15,501	\$18,788	\$18,974
Counties - Increase in Revenue from \$15 plate fees	<u>\$10,334</u>	<u>\$12,525</u>	<u>\$12,650</u>
NET ESTIMATED EFFECT LOCAL GOVERNMENT	<u>\$25,835</u>	<u>\$31,313</u>	<u>\$31,624</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act mandates emission testing for certain vehicles before sale or transfer and biennially after that to ensure compliance with the Federal Clean Air Act. This act goes on to lay out the vehicles which are subject to the emission inspection program and those that are exempt from the regulations. Included in the exemptions are vehicles manufactured twenty-six years prior to the current model year. Other vehicles admitted in this exemption include but are not limited to, motorcycles, school buses, new and used vehicles manufactured within two years of the current calendar year, and diesel powered vehicles.

This act allows dealers to sell vehicles with prior inspection and approval, provided they disclose that information to the seller. A new inspection must then take place within one hundred and twenty days immediately preceding that sale. The act also makes provisions for buyers who purchase vehicles without prior inspection and lays out circumstances under which those returns are acceptable.

The act lays out maximum fees for emission testing as well as procedures for owners and inspection facilities.

The Missouri Air Pollution Control Fund is created with this act. Moneys from this fund are to be allocated between the Missouri state Highway Patrol, Department of Natural Resources, the Air Pollution Control Program, and other expenditures decided upon by the General Assembly for the administration and enforcement of vehicle inspections.

Street Rods (HB 1062)

This bill establishes new registration procedures for street rods and custom vehicles. The annual fee will be \$15 in addition to the regular registration fees. Owners of these vehicles must certify at the time of registration that the vehicle will be maintained for occasional transportation, exhibits, club activities, parades, tours, and similar uses and will not be used for daily transportation. These vehicles are exempt from vehicle inspections and emission tests. License plates for these vehicles will bear the words "STREET ROD" or "CUSTOM VEHICLE." A street rod or custom vehicle may use blue dot tail lights for stop lamps, rear turning indicator lamps, rear hazard lamps, and rear reflectors.

DESCRIPTION (continued)

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 Public Safety
Department of Transportation
Department of Revenue
Department of Natural Resources



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