

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3661-10  
Bill No.: HCS for HBs 1482 & 1299  
Subject: Motor Vehicles; Roads and Highways; Transportation  
Type: Original  
Date: April 14, 2008

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Bill Summary: This proposal defines "utility vehicle" and enacts provisions regulating the use of utility vehicles.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |  |   |   |
|---|--|---|---|
| <b>FUND AFFECTED</b>                                      | <b>FY 2009</b>                         | <b>FY 2010</b>                          | <b>FY 2011</b>                          |
| General Revenue   | (Unknown greater than \$58,641)        | (Unknown greater than \$105,234)        | (Unknown greater than \$108,357)        |
|   |  |   |   |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>(Unknown greater than \$58,641)</b> | <b>(Unknown greater than \$105,234)</b> | <b>(Unknown greater than \$108,357)</b> |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 13 pages.

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |   |   |   |
|---|---|---|---|
| <b>FUND AFFECTED</b>  | <b>FY 2009</b>                          | <b>FY 2010</b>                          | <b>FY 2011</b>                          |
| Highway Fund  | (Unknown greater than \$155,625)        | (Unknown greater than \$149,071)        | (Unknown greater than \$153,404)        |
| Highway Patrol Fund   | \$0                                     | \$0                                     | \$0                                     |
| Insurance Dedicated Fund                                      | \$22,528                                | (\$1,507)                               | (\$2,811)                               |
| Conservation Fund   | (Unknown)                               | (Unknown)                               | (Unknown)                               |
| Parks and Soil Fund   | (Unknown)                               | (Unknown)                               | (Unknown)                               |
| School District Trust Fund                                    | (Unknown)                               | (Unknown)                               | (Unknown)                               |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>(Unknown greater than \$133,097)</b> | <b>(Unknown greater than \$150,578)</b> | <b>(Unknown greater than \$156,215)</b> |

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2009</b> | <b>FY 2010</b> | <b>FY 2011</b> |
|   |                |                |                |
|   |                |                |                |
| <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 FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2009</b> | <b>FY 2010</b> | <b>FY 2011</b> |
| Department of Revenue                                     | 4 FTE          | 4 FTE          | 4 FTE          |
| Department of Insurance                                   | 1 FTE          | 1 FTE          | 1 FTE          |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>5 FTE</b>   | <b>5 FTE</b>   | <b>5 FTE</b>   |

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                  |                  |                  |
|--|------------------|------------------|------------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2009</b>   | <b>FY 2010</b>   | <b>FY 2011</b>   |
| <b>Local Government</b>                    | <b>(Unknown)</b> | <b>(Unknown)</b> | <b>(Unknown)</b> |

### FISCAL ANALYSIS

#### ASSUMPTION

Officials at the **Missouri Department of Transportation, Department of Public Safety, City of Centralia, Office of the State Courts Administrator, St. Louis County, City of Columbia** and the **Department of Agriculture** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Revenue's Driver License Bureau** assumes the commercial and non-commercial driver guide in hard-copy will be modified upon next re-order thus destruction and re-printing costs would be absorbed. Additionally, this legislation would require

ASSUMPTION (continued)

programming changes to the Missouri Electronic Driver License (MEDL also referred to as Over The Counter-OTC) software and supporting applications. These programming changes will need to be designed and tested at a cost of \$10,000.

**FY09**

100 Estimated hours for project completion (requirements and system testing)  
X \$100 Hourly rate for an OTC contractor  
\$10,000

Officials at the **Department of Revenue** (DOR) assume there will be an unknown decrease in revenue from state and local sales tax due to companies that contract with MoDOT to complete projects as defined in section 227.600 (10) being exempt from such taxes on tangible personal property. This provisions would add a subtraction to the MO-1040 which would require additional key entry, error correction, quality review, and processing of correspondence. Changes would also have to be made to the MINITS system.

**DOR** assumes Sections 302.177, 302.720 & 302.735 would have a fiscal impact due to waiver of examination fees for renewal of a license with S endorsement for applicants age 70 and over.

Reduction in state revenue = **\$15,375.00**

Determined by:

Total school bus endorsement holders age 70 and over = 615  
Total commercial skills examination fee x \$25.00  
**\$15,375.00**

Total estimate annual loss of one-year license renewal fees for license holders (all classes) over 70 years of age with an S endorsement = **\$4,612.50**.

Total S endorsement holders age 70 and over – 615  
One-year renewal fee commercial classes x \$7.50  
\$4,612.50

In addition to the loss of highway funds for transaction fees waived, the department would still be required to pay the license vendor the per document cost of \$1.86 out of the departments budget funded by general revenue. Therefore there would be a loss of approximately **\$1,143.90** annually to cover the vendor per document cost of the licenses issued where fees were waived.

Officials at the DOR assume Section 302.720.5, depending on the volume of applications for third party testing the department may need to request additional staffing.

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ASSUMPTION (continued)

DOR assumes two additional temporary employees for key entry would be needed. DOR would also need one Tax Processing Technician per 19,000 error and one Tax Processing Technician per 2,400 pieces of correspondence.

Due to the Statewide Information Technology Consolidation, DOR's response to a proposal will now also reflect the cost estimates prepared by OA-IT for impact to the various systems. As a result, the impact shown may not be the same as previous fiscal notes submitted. In addition, if the legislation is Truly Agreed To and Finally Passed, the OA-IT costs shown will be requested through appropriations by OA-IT.

**Office of Administration Information Technology** (ITSD DOR) estimates the IT portion of this request can be accomplished within existing resources; however, if priorities shift, additional FTE/overtime would be needed to implement. ITSD DOR estimates that this legislation could be implemented utilizing 4 existing CIT III for one month at a rate of \$4,186.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Office of Prosecution Services** assume that this legislation could potentially result in an increased number of cases referred to prosecutors it is assumed such increased numbers would not have a significant direct fiscal impact.

For the purpose of this proposed legislation, officials at the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide competent, effective representation for any new cases arising where indigent persons are charged with the proposed new crime of inappropriately operating a utility vehicle on Missouri streets, roads and highways.

Passage of bills increasing penalties on existing crimes, or creating new crimes, requires the State Public Defender System to further extend resources. While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide competent and effective representation in all its cases.

**Oversight** assumes the Office of the State Public Defender and the Office of Prosecuting Services can absorb the additional caseload that may result from this proposal.

Officials from the **Department of Corrections (DOC)** stated that they could not predict the

ASSUMPTION (continued)

number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs either through incarceration (FY 2007 average \$41.21 per inmate, per day or an annual cost of \$15,040) or through supervision provided by the Board of Probation and Parole (FY 2007 average \$2.43 per offender, per day or an annual cost of \$887).

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be less than \$100,000 per year.

**Oversight** assumes that the conviction and incarceration of only one person would create a minimal fiscal impact of less than \$100,000 annually.

Officials from the **Department of Insurance, Financial and Professional Registration (DIFP)** state it is anticipated that the department will receive an influx of filings so that providers can be in compliance. DIFP is requesting one Insurance Product Analyst II (\$31,320 annually) to review reimbursement contracts received. DIFP would use existing staff to implement the financial analysis and enforcement provisions of this legislation. DIFP cannot estimate how many companies will register but estimates it will be around 100. If the numbers are considerably more, additional staff may need to be requested.

Revenue will be generated as vehicle protection product warrantors are required to pay an annual registration fee of up to \$500. The DIFP estimates that approximately 100 warrantors will be registered, for a yearly revenue amount of \$50,000. The proposal does not indicate where fees will be deposited, so the department has assumed the fees would be deposited into the Insurance Dedicated Fund, where other such fees are deposited.

Officials from the **Department of Natural Resources (DNR)** assume section 144.054 would exempt from state and local sales and use taxes all sales and purchases made by a contractor for use in completing certain transportation infrastructure projects. DNR's Parks and Soils Tax Fund is derived from one-tenth of one percent sales and use tax pursuant to Section 47(a) of the Missouri Constitution. Therefore, any additional sales and use tax exemption would be a loss to the Parks and Sales Tax Fund. The amount of fiscal impact is unknown. DNR assumes the Department of Revenue may be better able to estimate the amount of impact to the PSST.

Officials at the **Department of Conservation (MDC)** assume this could have a substantial negative impact on MDC funds, however, MDC is unable to provide an estimate and defer to the

ASSUMPTION (continued)

Department of Revenue.

Officials at the **Missouri Highway Patrol** assume this proposal would require the conversion of current commercial vehicle officers (CVOs) to peace officers by July 1, 2015. It would also potentially require the Highway Patrol to conduct audits and retesting of drivers tested by a third party. The training would be scheduled over a 4-year period, which is FY09 through FY12. Due to inflation, the cost and revenue in FY12 would equal \$148,748. In FY13, there would no longer be any fiscal impact.

The Academy normally gets reimbursed from CVE for the cost of providing training at a rate of \$55 per day per student. The 600 hours mandated by this legislation would be the equivalent of 15 weeks of training (600 hours / 40 hours per week = 15 weeks). This would mean a cost of \$4,125 per student for the 15 weeks of training (\$55 per day x 15 weeks x 5 days per week = \$4,125).

This training would involve 135 current CVOs, and since this training would have to be completed by the end of FY15, the Patrol would plan to train them over a 4-year period. All current CVOs would have to be completely retrained on the 600 hours due to instructor certification requirements, etc. The cost would be \$140,250 in FY09 (34 students x \$4,125 per student = \$140,250). To pay for this training, the Academy bills the CVE Division, and money is transferred from the Highway fund to the Highway Patrol Academy fund.

Also, this bill would require newly hired CVOs to extend their training from the current 12 weeks to a minimum of 21 weeks in order to complete the 600 hour POST curriculum and specialized training. The extra 9 weeks of training will have an impact on the Academy and CVE as far as housing, meals, and classroom space costs. There is no way way to estimate how many new CVOs will be trained in the near future, so this additional cost cannot be estimated; however, it will be \$2,475 per student (\$55 per day x 9 weeks x 5 days per week = \$2,475).

Additionally, the provision to allow the Department of Revenue to certify any municipality as a third-party tester will create the need for additional Highway Patrol employees to conduct the required audits and retesting of those drivers tested by a third-party. The state of Missouri has experienced fraudulent activity within the third-party testing program. The state of Missouri has been required to recall and retest approximately 1,082 drivers. Currently, the Patrol shall require the superintendent to reexamine a minimum of 10% of those drivers who have passed the CDL skills examination administered by a certified third-party commercial driver license examination program in the state of Missouri.

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ASSUMPTION (continued)

At this time, there is no way to determine the number or location of municipalities that would be interested in becoming a third-party tester. Therefore, we cannot determine the number of additional employees needed. For each FTE it would cost \$33,636 in salary and an additional \$5,257 in expenses and equipment.

Since it is unclear how many new FTE's will need to be hired to handle the third-party audits, **Oversight** has shown the transfer out of the Highway Fund and the transfer in to the Highway Patrol Academy Fund as Unknown greater than \$140,250.

Officials at the **City of West Plains** assume this would have negative fiscal impact on local sales taxes of unknown amount.

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, DESE cannot know how much additional money might be collected by local governments or the DOR to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**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.

| <u>FISCAL IMPACT - State Government</u>            | FY 2009<br>(10 Mo.)                                   | FY 2010  | FY 2011  |
|--|---|--|--|
| <b>GENERAL REVENUE</b>                             |   |  |  |
| <u>Cost - Dept of Revenue</u>                      |   |  |  |
| Computer programming updates                       | (\$10,000)  | \$0  | \$0  |
| <u>Cost - Dept. of Revenue</u>                     |   |  |  |
| Personal Services                                  | (\$28,990)  | (\$68,823)   | (\$70,887)   |
| Fringe Benefits                                    | (\$6,898)   | (\$231,185)  | (\$23,808)   |
| Equipment and Expenses                             | <u>(\$11,609)</u>                                     | <u>(\$12,152)</u>                                      | <u>(\$12,518)</u>                                      |
| <u>Total Costs- Dept. of Revenue</u>               | (\$47,497)  | (\$104,090)  | (\$107,213)  |
| Total FTE Change - DOR                             | 4 FTE   | 4 FTE  | 4 FTE  |
| <u>Loss - sales tax exemption</u>                  | (Unknown)   | (Unknown)  | (Unknown)  |
| <u>Cost - Dept. of Revenue</u>                     |   |  |  |
| License vendor document cost                       | <u>(\$1,144)</u>                                      | <u>(\$1,144)</u>                                       | <u>(\$1,144)</u>                                       |
| <b>ESTIMATED NET EFFECT ON<br/>GENERAL REVENUE</b> |   |  |  |
|  | <b><u>(Unknown<br/>greater than<br/>\$58,641)</u></b> | <b><u>(Unknown<br/>greater than<br/>\$105,234)</u></b> | <b><u>(Unknown<br/>greater than<br/>\$108,357)</u></b> |
| Estimated Net FTE Change on<br>General Revenue     | 4 FTE   | 4 FTE  | 4 FTE  |

**HIGHWAY FUND**

|   |            |           |           |
|---|------------|-----------|-----------|
| Loss - 70 yr old license renewal fee loss | (\$15,375) | (\$4,613) | (\$4,613) |
|---|------------|-----------|-----------|

|   |   |   |   |
|---|---|---|---|
| <u>Transfer Out</u> - reimbursement of CVO training to the Mo Highway Patrol Academy Fund | <u>(Unknown greater than \$140,250)</u> | <u>(Unknown greater than \$144,458)</u> | <u>(Unknown greater than \$148,791)</u> |
|---|---|---|---|

|   |  |  |  |
|---|--|--|--|
| <b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b> | <b><u>(Unknown greater than \$155,625)</u></b> | <b><u>(Unknown greater than \$149,071)</u></b> | <b><u>(Unknown greater than \$153,404)</u></b> |
|---|--|--|--|

**HIGHWAY PATROL ACADEMY FUND**

|  |                                |                                |                                |
|--|--------------------------------|--------------------------------|--------------------------------|
| <u>Transfer In</u> - reimbursement of CVO training from Highway Fund | Unknown greater than \$140,250 | Unknown greater than \$144,458 | Unknown greater than \$148,791 |
|--|--------------------------------|--------------------------------|--------------------------------|

|                                  |   |   |   |
|----------------------------------|---|---|---|
| <u>Cost</u> - CVO Training costs | <u>(Unknown greater than \$140,250)</u> | <u>(Unknown greater than \$144,458)</u> | <u>(Unknown greater than \$148,791)</u> |
|----------------------------------|---|---|---|

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <b>ESTIMATED NET EFFECT ON HIGHWAY PATROL ACADEMY FUND</b> | <b><u>\$0</u></b> | <b><u>\$0</u></b> | <b><u>\$0</u></b> |
|--|-------------------|-------------------|-------------------|



| FISCAL IMPACT - Local Government                          | FY 2009<br>(10 Mo.)     | FY 2010                 | FY 2011                 |
|---|-------------------------|-------------------------|-------------------------|
| <b>LOCAL GOVERNMENT FUNDS</b>                             |                         |                         |                         |
| <u>Loss</u> - sales tax exemption                         | <u>(Unknown)</u>        | <u>(Unknown)</u>        | <u>(Unknown)</u>        |
| <b>ESTIMATED NET EFFECT ON<br/>LOCAL GOVERNMENT FUNDS</b> | <b><u>(Unknown)</u></b> | <b><u>(Unknown)</u></b> | <b><u>(Unknown)</u></b> |

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This legislation modifies various transportation and motor vehicle laws.

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

City of West Plains  
Department of Public Safety  
Department of Agriculture  
City of Centralia  
Office of the State Public Defender  
Office of the State Courts Administrator  
Department of Elementary and Secondary Education  
Department of Conservation  
Office of the Secretary of State  
City of Columbia  
Office of Prosecution Services  
St. Louis County  
Office of the Attorney General  
Department of Revenue  
Department of Natural Resources  
Missouri Department of Transportation

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SOURCES OF INFORMATION (continued)

Missouri Highway Patrol  
Department of Corrections  
Department of Insurance, Financial Institutions and Professional Registration  
Office of Administration Information Technology

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 14, 2008