

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1235-20
Bill No.: Truly Agreed To and Finally Passed CCS for SS for SCS for HCS for HB 430
Subject: Motor Carriers; Transportation; Transportation Department
Type: Corrected
Date: June 3, 2011

Bill Summary: Modifies various provisions relating to transportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Up to \$12,060)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(Up to \$12,060)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Road Fund	\$0 or \$16,000,000 to (Unknown greater than \$100,000)	\$0 or \$16,000,000 to (Unknown greater than \$100,000)	\$0 or \$16,000,000 to (Unknown greater than \$100,000)
Highway Safety Fund	\$0 or (\$16,000,000)	\$0 or (\$16,000,000)	\$0 or (\$16,000,000)
Total Estimated Net Effect on Other State Funds	\$0 to (Unknown greater than \$100,000)	\$0 (Unknown greater than \$100,000)	\$0 (Unknown greater than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 14 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal Funds	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue, Department of Transportation, Department of Labor and Industrial Relations, Missouri Highway Patrol and Office of Administration - Division of Budget and Planning and Administrative Hearing Commission** assume there will be no fiscal impact to their agencies.

Section 301.4036

Officials from the **Department of Revenue (DOR)** assume procedures will need to be revised by a Management Analyst Specialist I, requiring 40 hours of overtime at a cost of \$805 in FY 12. The DOR web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 12.

DOR is charged \$250 for the initial set-up of a new speciality plate for passenger, truck, and RV as well as an additional charge of \$90 each to include disabled and motorcycle plates, for a total of \$430 for the initial set-up.

According to DOR the National Wild Turkey Federation states there are approximately 12,000 adult members that would be eligible for this plate. If 3%, or 360 plates are obtained the cost to the department would be \$3,060. However the revenue from the speciality plate fee would be \$5,400. As knowledge and public awareness of the availability of this plate increases it is assumed that 5% (582) of the remaining 11,640 eligible applicants will apply for these plates in FY 13 resulting a cost of \$4,947 and revenue of \$8,730. If 7% of the remaining members apply in FY 14 there will be costs of \$6,579 and revenue of \$11,610.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service 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. **Oversight** also assumes the cost and revenue of purchasing the plate is speculative and the initial impact would be \$0.

Section 70.441

In response to HCS for HB 818 (2011), officials from **St Louis County** state there is no fiscal impact to the county.

ASSUMPTION (continued)

In response to HCS for HB 818, officials from the **Bi-State Development Agency** assume the revenue received as a result of this proposal will neutralize the annual cost attributable to the enforcement, investigation, and prosecution of offenses and create a favorable financial impact. It will create a savings.

Oversight assumes the revenues will offset the costs of collection and for fiscal note purposes only, will show no fiscal impact.

Section 302.341, 302.700, and 302.768

In response to HCS for HB 818 (2011), officials from the **Department of Transportation** state costs associated with this proposal are already included in the current budget request. This proposal would implement current Federal requirements for States to modify their procedures for the issuance, renewal and transfer of a Commercial Drivers License (CDL) to a person who operates or will operate a commercial motor vehicle (CMV). The proposal would require CDL applicants more specifically to certify the nature of their proposed CMV operations and whether Federal or State driver qualification requirements will be applicable to those operations.

The enactment of these changes to Missouri's CDL statutes will be necessary to bring this State into compliance with the Federal mandate prescribed by 49 USC § 1311(a)(1) and (21), §31309(e)(4) and § 31305(a)(7); and 49 CFR §383.73 and §384.301.

In response to HCS for HB 818, officials from the **Department of Revenue (DOR)** assume the costs associated with development and implementation of the proposed medical certification program will be absorbed as part of a pending system upgrade project.

DOR further states that provisions contained in §302.700 and 302.768 are required for state compliance for its commercial drivers license (CDL) program under the provisions of 49 CFR Parts 383, 384 and 391 of the Federal Motor Carrier Safety Administration (FMCSA) regulations for commercial driver medical certification; provisions in section 302.341 required under 49 CFR § 384.226 "anti-masking" provisions (prohibits removal of Failure to Appear actions from a CDL holder's driver record after compliance shown).

Missouri federal-aid highway funds are subject to withholding if a state is found to be substantially in noncompliance. The first year of noncompliance the sanction is five (5) percent, the second and subsequent years the sanction is up to ten (10) percent of those funds.

ASSUMPTION (continued)

Oversight assumes Missouri will be in compliance with the mandated provisions and will assign no costs for sanctions.

Section 227.107

Officials from the **Department of Transportation** assume there will be no fiscal impact to their agency.

Section 302.309 & 577.023

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

Officials from the **Department of Public Safety - Highway Patrol** assume the proposal will not create a fiscal impact to their agency.

Officials from the **Department of Transportation (MoDOT)** stated Title 23 United States Code (USC) Section 164 outlines provisions that must be included in a state's repeat intoxicated driver law and requires a transfer of 3% of the state's federal-aid highway funds if the state has not enacted or is not enforcing a repeat intoxicated driver law that meets Section 164's requirements. This bill should place Missouri's repeat intoxicated driver law back in compliance with Section 164's requirements, which should stop this transfer of Missouri's federal-aid highway funds.

A statute change from last legislative session (SS SCS HCS HB 1695, 1742, & 1674) put the state out of compliance with 23 USC 164 (mandatory jail time/community service and limited driving privileges for repeat offenders). MoDOT has requested a legal review by the National Highway Traffic Safety Administration to ensure SB 254 puts state statute back into compliance with 23 USC 164. Assuming SB 254 does fulfill federal requirements, the penalty transfer of approximately \$16 million would be reversed. This would give MoDOT more flexibility in expending these funds.

Oversight will range the fiscal impact of the proposal from \$0 (legislation would not impact Missouri's compliance with federal code) to the \$16 million penalty stated by MoDOT.

In response to HB 860 (2011), officials from the **Department of Revenue (DOR)** state this proposal would bring the state into compliance with federal regulations and ensure receipt of federal aid highway funds. DOR states the proposed changes would require:

ASSUMPTION (continued)

- System modifications regarding the changes to Limited Driving Privileges;
- Draft updates to web site information on Limited Driving Privileges;
- Updating office procedures;
- additional training of personnel

DOR's Drivers License Bureau (DLB) estimates 160 hours of system testing for one Management Analysis Specialist II (at \$23 per hour or \$3,680) and the same for one Administrative Analyst I (at \$16 per hour or \$2,560). DOR also assumes the need for 160 hours of work for a Revenue Band Manager (at \$25 per hour or \$4,000), 40 hours of work for two Management Analysis Specialist I for forms and Internal Procedure development (each at \$20 per hour or \$1,600) and 10 hours for an Administrative Analyst III for web page updates (at \$22 per hour or \$220).

DOR's response to a similar proposal in prior years would have indicated the Department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the Department's driver license legacy systems, changes cannot be made without significant impact to the Department's resources and budget.

Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$1,060. The value of the level of effort is calculated by taking 1 FTE for 40 hours

In summary, DOR assumes a cost of \$12,060 in FY 2012 to provide for the implementation of the changes in this proposal.

Oversight assumes some of DOR's anticipated work hours could be performed during the normal work day and not create an additional expense to their budget; therefore, Oversight will range the cost to the Department of Revenue as 'up to \$12,060'.

In response to HB 860 (2011), officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office 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, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements

ASSUMPTION (continued)

should the need arise based on a review of the finally approved bills signed by the governor.

Section 304.180

Officials from the **Department of Revenue** and **Department of Agriculture** assume there will be no fiscal impact to their agencies.

Officials from the **Department of Transportation (MoDOT)** assume the increase in allowable weights would result in increased damage to bridges. Additionally, it would reduce the life expectancy of some of MoDOT's bridges. There is really no good way to quantify this issue in terms of a dollar amount.

The increased allowable weights will result in an increase in the number of MoDOT bridges requiring some type of posting would increase by 20%. Posting signs would have to be installed at these locations, so there would be a cost associated with this. An unknown number of existing postings signs would require updating.

Section 301.3084

In response to HB 450 (2011), officials from the **Department of Corrections - Missouri Vocational Enterprises, Office of Secretary of State - Administrative Rules Division, Joint Committee on Administrative Rules**, and the **Department of Transportation** assume this proposal will have no fiscal impact on their respective agencies,

In response to HB 450 (2011), officials from the **Department of Revenue (DOR)** assume procedures will need to be revised by a Management Analyst Specialist I, requiring 40 hours of overtime at a cost of \$805 in FY 12. The DOR web site will need to be updated to include the change in the appearance of the Breast Cancer Awareness plate. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 12.

DOR is charged a one-time fee of \$90 for the graphic modification of an existing specialty plate for passenger, truck, and RV as well as an additional charge of \$90 each to include disabled and motorcycle plates, for a total of \$270 for the change.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service 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.

ASSUMPTION (continued)

Section 226.540 & 226.541

Officials at the **Missouri Department of Transportation (MoDOT)** assume since the department has not relocated or reset billboards there is no statistical data that is readily available to estimate the cost to reset. Thus an assumption is made with input from an industry representative that it would cost approximately 25% of the billboards value to reset the billboard in actual cost. While it is highly unlikely, but for the purposes of this fiscal note it is assumed that no condemnation action will be necessary to acquire billboards when using the traditional method of acquisition.

It is estimated that the average value of a billboard structure is \$150,000. Using the industry estimate of 25% of the value as an actual cost to reset, the average cost per billboard to reset would be \$37,500.

It must be noted that the traditional method of purchase allows for salvage of the structure. Salvage values vary by structure; however using the industry's estimates the average salvage values should amount to approximately 50% of the billboards value. Salvage values are typically negotiated and often result in a reduction in salvage value thus a salvage value for the purpose of this exercise will be applied at 25%. An assumption will be made that all billboards acquired using the traditional method will be salvaged by the billboard owner.

Using the above estimates and assumptions the calculations below will show what is estimated as the net fiscal impact to the department:

Calculations under this proposal:

35 billboards x \$37,500 (actual cost to reset) = \$1,312,500
versus
The traditional method of acquisition/salvage
35 billboards x \$150,000 - \$37,500 (salvage value) = \$3,937,500
Potential Net Savings to the Department = \$2,625,000

These calculations indicate that an estimated \$2,625,000 could be saved under this proposal during FY 2012 - 2015 of the department's current approved STIP.

Oversight assumes there will be no fiscal impact to this proposal. In a previous response to a fiscal note, SB 57, 0374-02 (2009), MoDOT assumed no fiscal impact because they did not believe any savings would be realized until the start of the project and they did not have a time

ASSUMPTION (continued)

frame for the reconstruction. They also stated the current inventory of billboards along I-70 and I-44 was 2,189 billboards. If 50% were impacted the total billboards impacted would equal 1,095. If 70% were reset the total reset billboards would equal 767. This leaves 328 billboards that would be acquired under the traditional method. The average cost per billboard to reset would be \$37,500. In the previous fiscal note MoDOT currently had no plans for a major reconstruction or rebuild of I-70 or I-44 and did not anticipate the funds becoming available in the next three years for such a large project unless additional funding sources were identified.

Officials at the **St. Louis County** assume that there is no fiscal impact from this proposal.

In response to a similar proposal, SCS for SB 57 (2009), officials at the **City of Kansas City** state MoDot has estimated that this bill will save it \$57,525,000. All of this saving will be shifted to the City, for those billboards that would be moved in Kansas City because our Code does not allow the relocation of nonconforming billboards. If one third of the billboards that are relocated are in Kansas City, then this legislation would cost Kansas City \$19,175,000. If all of those signs are digital billboards, which this legislation allows them to convert to, then the cost would be at least double, or \$38,350,000.

In response to a similar proposal, SCS for SB 57 (2009), officials at the **City of Columbia** assume there are 68 billboards and if they had to be reset it would cost \$2,860,000.

Oversight assumes there is no impact from this legislation as there is currently no reconstruction occurring on I-70 or I-44. Oversight assumes that local governments can change their code provisions bringing them in line with this proposed state law and therefore reducing any costs associated with this policy.

Section 301.147

Officials from the **Department of Revenue (DOR)** assume procedures will need to be revised by a Management Analyst I requiring 40 hours of overtime at a cost of \$805 in FY 12. The Department's web site will need to be updated. This will require 10 hours of overtime for and Administrative Analyst III, at a cost of \$218 in FY 12.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assume DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriations process.

ASSUMPTION (continued)

Section 301.560

Officials from the **Department of Revenue (DOR)** assume procedures will need to be revised by a Management Analyst I requiring 40 hours of overtime at a cost of \$805 in FY 12. The Department's web site will need to be updated. This will require 10 hours of overtime for and Administrative Analyst III, at a cost of \$218 in FY 12.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assume DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriations process.

Section 301.4036

Officials from the **Department of Revenue (DOR)** assume procedures will need to be revised by a Management Analyst I requiring 40 hours of overtime at a cost of \$805 in FY 12. The Department's web site will need to be updated. This will require 10 hours of overtime for and Administrative Analyst III, at a cost of \$218 in FY 12.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assume DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriations process.

Oversight assumes the cost of the new plate will be paid for after the DOR receives receipt of an application accompanied by a list of at least two hundred potential applicants who plan to purchase the speciality plate, the proposed art design for the license plate, and an application fee, not to exceed five thousand dollars to defray DOR's cost for issuing, developing, and programming the implementation of the plate.

Section 302.341

Officials from the **Department of Revenue (DOR)** assume this section proposes a change to meet federal commercial driver license requirements related to failure to appear in court actions. The proposed change indicates these actions cannot be removed from the record upon reinstatement if the applicant was operating a commercial motor vehicle at the time of the offense or is a commercial driver license holder. The cost encumbered by this process will be absorbed with existing resources and overtime.

ASSUMPTION (continued)

Section 1

Officials from the **Department of Revenue (DOR)** assume procedures will need to be revised by a Management Analyst I requiring 40 hours of overtime at a cost of \$805 in FY 12. The Department's web site will need to be updated. This will require 10 hours of overtime for and Administrative Analyst III, at a cost of \$218 in FY 12.

The DOR is charged \$250 for the initial set-up of a new speciality plate for passenger, truck, and RV as well as an additional charge of \$90 each to include disabled and motorcycle plates, for a total of \$430 for the initial set-up. This is a one-time fee that will be charged upon passage of this bill in FY 12.

The number of eligible applicants for the NRA plate is unknown.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes DOR could absorb the personal service costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriations process.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Costs</u> - Department of Revenue			
Administrative changes to prepare for updates in the proposal	<u>(Up to \$12,060)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(Up to \$12,060)</u>	<u>\$0</u>	<u>\$0</u>
ROAD FUND			
<u>Savings</u> - more Federal funding could be utilized by this fund if Missouri becomes compliant	\$0 or \$16,000,000	\$0 or \$16,000,000	\$0 or \$16,000,000
<u>Cost</u> - Department of Transportation (Section 304.180)			
Increased maintenance and signage	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
ESTIMATED NET EFFECT TO THE ROAD FUND	<u>\$0 or \$16,000,000 to (Unknown greater than \$100,000)</u>	<u>\$0 or \$16,000,000 to (Unknown greater than \$100,000)</u>	<u>\$0 or \$16,000,000 to (Unknown greater than \$100,000)</u>
HIGHWAY SAFETY FUND			
<u>Loss</u> - Federal funding could be utilized by the Road Fund if Missouri becomes compliant	\$0 or <u>(\$16,000,000)</u>	\$0 or <u>(\$16,000,000)</u>	\$0 or <u>(\$16,000,000)</u>
ESTIMATED NET EFFECT TO THE HIGHWAY SAFETY FUND	<u>\$0 or (\$16,000,000)</u>	<u>\$0 or (\$16,000,000)</u>	<u>\$0 or (\$16,000,000)</u>

<u>FISCAL IMPACT - Federal Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Section 304.180

Yes. Increased weight restrictions on bridges as well as wear and tear on the state's highway and bridge systems would have a negative impact on small business. Restricted load postings on bridges and increased maintenance work on highways could mean it would take longer for goods to be delivered to or picked up from a place of small business.

FISCAL DESCRIPTION

This proposal modifies various provisions relating to transportation.

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 Transportation
Department of Revenue
Department of Labor and Industrial Relations
Office of Administration -
 Division of Budget and Planning
 Administration Hearing Commission
Missouri Highway Patrol
Office of Administration -
 Division of Budget and Planning
 Administrative Hearing Commission
St. Louis County
Bi-State Development Agency
Secretary of State's Office
Office of State Courts Administrator
Department of Corrections

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SOURCES OF INFORMATION (continued)

Office of Prosecution Services

Office of State Public Defender

Jefferson City Police Department

Columbia Police Department

Boone County Sheriff's Department



Mickey Wilson, CPA

Director

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