

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1991-03
Bill No.: Perfected HCS for HB 787
Subject: Licenses - Driver's; Revenue Department
Type: Original
Date: April 10, 2013

Bill Summary: This proposal prohibits the Department of Revenue from retaining copies of source documents used to obtain driver's licenses and nondriver's licenses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$530,568 to Unknown)		
Total Estimated Net Effect on General Revenue Fund	(\$530,568 to Unknown)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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 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.

§ 32.090

Officials from the **Department of Revenue (DOR)** assume the following procedures will need to be revised to provide for the changes in this legislation:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY `14.
- DOR's website will need to be updated. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY `14.

DOR will collect the unique identifiers for all applicants in the instance of multiple titled owners. If a vehicle is being titled in a business name, the Federal Employment Identification Number will be collected.

In summary, DOR assumes a cost of \$1,531 (\$1,206 + \$325) in FY 2014 to provide for the implementation of the changes in this part of the proposal.

ASSUMPTION (continued)

§ 136.055

Officials from the **Department of Revenue (DOR)** state the proposed changes to this section will have an unknown impact on the Department. The changes appear to be broad enough to make the Department of Revenue liable for a number of proceedings that may be brought against the license office, including damages caused by negligence of fee office employees that occur while acting in their official duties.

Currently, the license office contract requires the license office contractor to purchase liability insurance to cover liabilities in connection with or arising out of any action, suit, or proceeding if the fee office was acting in the course of its official duties. This cost of indemnifying 182 license offices is unknown but could be significant.

§ 302.065.1

DOR states that the Department shall not retain copies of source documents presented by applicants applying for a driver or nondriver license.

§ 302.065.3

This subsection requires the Department to destroy any source documents that were obtained after August 28, 2012 from driver's license or nondriver's license applicants.

This proposal will require the **Department of Revenue (DOR)** to make the following changes:

Driver License Bureau (DLB)

This legislation requires DLB to:

- Modify all current procedures for review and retention of source documents;
- Modify website information as applicable related to source documents;
- Review and determine changes to Missouri non-commercial and commercial driver manuals for document related changes;

ASSUMPTION (continued)

Define requirements for Missouri Electronic Driver License Central Issuance (MEDLCI) system changes and changes to other supporting applications to remove current scanning processes for imaging source documents;

Define requirements for MEDLCI changes to incorporate a checklist process for license offices to indicate what source documents they reviewed for issuance of the transaction;

Develop test grids for user acceptance testing of all license issuance and supporting system modifications;

Define requirements for MEDLCI changes to update the driver examination screens to include entry fields for scores and examiner information for purposes of supporting the transaction issuance since source documents will not be retained for verification of completed testing and an automated system does not currently exist between MSHP and DOR;

Requires DLB to define procedures for access to all application images to remove all previously imaged copies of source documents;

Develop training materials required for internal staff and license office staff; and

Review and submit administrative rule changes as required regarding source document review and retention.

Driver License Bureau -FY14

Administrative Analyst –	600 hrs @ \$24 00(1 ½) per hr =	\$14,400
Management Analyst Specialist II –	680 hrs @ \$23.00 per hr =	\$15,640
Revenue Band Manager -	160 hrs @ \$30.00 per hr =	<u>\$4,800</u>
		Total = \$34,840

Personnel Services Bureau FY14

Administrative Analyst III	40 hrs @ \$22.00 =	\$880
Management Analysis Spec I	160 hrs @ \$20.00 =	<u>\$3,200</u>
		Total = \$4,080

DOR began digital imaging for issuance transaction related information in January 2005. Prior to digital imaging, source documents presented to the Department were microfilmed.

Since September 1, 2012 there are approximately 2,149,588 million pages that could potentially be "source documents". The Department plans to sweep the system to identify all commercial driver license holders to ensure their documents are not destroyed. All documents present with an application for a driver or nondriver license on or after September 1, 2012 will be destroyed. The application appears to meet the definition of a source document as defined in Section 302.065.4, RSMo.

ASSUMPTION (continued)

If the application is not considered a source document, each and every one of the 2,149,588 pages will need to be reviewed by DLB staff to determine if they are in fact "source documents". When a source document is found, according to the proposed legislation, the document will need to be destroyed so as to make it irretrievable.

If the Department needs to review each document, the requirement to have all these documents destroyed by December 2013 is administratively and economically not feasible within the current revenue climate. In addition, there is no way to determine how long it may take just to review the 388,729 documents totaling 2,149,588 pages that have been digitally imaged as potential source documents since September 1, 2013, using current personnel. The total impact to review and destroy all source documents is unknown.

OA-ITSD Impact

Staff will need to:

- Create new screens to capture pertinent data;
- Change existing screens;
- Create new programs; and
- Change existing programs.

The level of effort needed to complete these requirements is valued at 560 FTE hours.

The cost for OA-ITSD is \$15,148.

In summary, DOR assumes a cost of \$54,068 (\$34,840 + \$4,080 + \$15,148) in FY 2014 to provide for the implementation of the changes in this section of the proposal.

§302.065.5

This subsection requires the Department of Revenue to create an in-house process for printing concealed carry weapon endorsements, to be available upon the request of the application.

This subsection will require the Department to begin the RFP process for the printers and consumables that will be required to print the documents in-house. The RFP process alone will extend past the effective date of this proposal.

KC:LR:OD

ASSUMPTION (continued)

The Department has estimates on the amount it may cost for low volume central issuance printing in the state of Missouri. The process would require a complete build of new printing systems specially designed for in house production, production software, interface software, card design creation, and delivery/installation. The in-state system would produce a card similar but not exact in appearance. The system would use the same preprint and security features. Adult and Minor cards would be printed as separate batches so operator would be required to manually change out card stocks.

One-time NDI for Equipment Purchase: \$385,000 to unknown.
Additional Core NDI for annual costs: \$91,500 to unknown.
Consumables: Unknown.
OA-ITSD: Unknown, but may be significant.

This overall cost will vary based on the results from the RFP.

DOR states they currently contract with a company in Georgia to print these endorsements and that the contract expires in 2016.

Oversight assumes DOR will need to destroy any copies, in any format, of sources documents that have been obtained from driver's licenses or nondriver's license applicants after August 28, 2013. Oversight also assumes DOR will need to create an in-house process for printing concealed carry weapon endorsements, to be available upon the request of the application. Oversight will use DOR cost estimate of \$530,568 to Unknown for FY 2014.

§302.065.6

Officials from the **Department of Revenue (DOR)** states this legislation removes the liability caps and allows the plaintiff to sue for any non-economic and punitive damages, as well as injunctive relief and attorney fees in the circuit court where the person resided at the time of the violation or in the circuit court or the circuit court of Cole County to recover such damages from the Department and any persons participating in such violation.

The provisions in this proposal may make Department employees personally liable.

The fiscal impact from this proposal is unknown. While the Department does not anticipate any liability under this subsection, removing any liability caps could subject the Department to any amount deemed appropriate by a court.

ASSUMPTION (continued)

Any action by any employee could subject the state to liability concerns, whether with the endorsement or even knowledge of the Director or Department's management. The fiscal ramifications of this are unknown, but potentially large.

§ 571.500 House Amendment 2

In response to a similar proposal from this year (HB 818), officials from the **Attorney General's Office** assume that any potential costs arising from this proposal could be absorbed with existing resources.

Officials from the **Department of Revenue (DOR)** state the proposed language is broad enough to require the Department to question each record request applicant and ensure they are not using any information obtained from the Department to maintain, participate in, or develop, or cooperate or enable the federal government in developing, a database or record or the number or type of firearms, ammunition, or firearms accessories that an individual possesses. The fiscal impact for this proposal is unknown at this time, but the Department may need to revise forms and procedures to specifically question each applicant as to the intent for requesting information contained within the Department. The following forms may need to be revised:

MV Forms:

- Form 4681
- Form 4803
- Form 5091
- Form 2519

DL Forms:

- Form 4681
- Form 1745
- Form 5091

Oversight assumes the DOR could absorb additional costs, if any, resulting from this section.

In response to a similar proposal from this year (HB 818), officials from the **Department of Public Safety - Missouri Highway Patrol, Office of Administration** and the **Office of the State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Cost</u> - Department of Revenue	(\$476,500 to	\$0	\$0
Creation of in-house process for printing Concealed Carry Weapon Endorsements	Unknown)		
 <u>Costs</u> - Department of Revenue			
Programing expenses to review and destroy all source documents	(\$54,068)	<u>\$0</u>	<u>\$0</u>
 ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	 <u>(\$530,568 to Unknown)</u>	 <u>\$0</u>	 <u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Title service agents will be required to ensure applications submitted to the Department of Revenue include the applicants identification number.

FISCAL DESCRIPTION

This proposal prohibits the Department of Revenue from retaining copies of source documents used to obtain driver's licenses and nondriver's licenses and requires the Department of Revenue to create an in-house process for printing concealed carry weapon endorsements, to be available upon the request of the application.

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

L.R. No. 1991-03
Bill No. Perfected HCS for HB 787
Page 10 of 10
April 10, 2013

SOURCES OF INFORMATION

Office of the Secretary of State
Department of Revenue
Department of Public Safety
Office of Administration
Office of the State Courts Administrator
Attorney General's Office



Ross Strobe
Acting Director
April 10, 2013