

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4926H.06T  
Bill No.: Truly Agreed To and Finally Passed CCS for SS for SCS for HCS for HB 2168  
Subject: Insurance - General; Insurance - Automobile; Environmental Protection; Motor Vehicles  
Type: Original  
Date: June 3, 2022

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Bill Summary: This proposal modifies provisions relating to insurance.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>Fully Implemented (FY 2030)</b>
General Revenue*	(\$142,922)	(\$14,292)	(\$14,292)	(\$14,292)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$142,922)</b>	<b>(\$14,292)</b>	<b>(\$14,292)</b>	<b>(\$14,292)</b>

\*FY 2023 fiscal impact to General Revenue is the estimated DOR-ITSD cost for building and implementing a system. Oversight assumes an implementation date of January 1, 2024 for the new system; therefore Oversight has reflected potential additional DOR impacts starting in FY 2024.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>Fully Implemented (FY 2030)</b>
Petroleum Storage Tank Insurance Fund**	\$0	\$0	\$0	(\$2,237,802)
Unemployment Automation Fund	\$4,402,670 or Up to \$5,000,000	\$4,402,670 or Up to \$5,000,000	\$4,402,670 or Up to \$5,000,000	\$4,402,670 or Up to \$5,000,000
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$4,402,670 or Up to \$5,000,000</b>	<b>\$4,402,670 or Up to \$5,000,000</b>	<b>\$4,402,670 or Up to \$5,000,000</b>	<b>\$2,164,868 or Up to \$2,762,198</b>

\*\*Oversight notes the petroleum storage tank insurance fund is currently set to expire on December 31, 2025. This proposal extends that date to December 31, 2030. Oversight reflects this extension as a continuation/renewal of existing income and related expenses. The Department of Natural Resources estimates an annual net fiscal impact of approximately of negative \$2.2 million to the fund beyond FY 2025 (annual collections into the fund of approximately \$16.6 million and annual expenses from the fund of \$18.8 million

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>Fully Implemented (FY 2030)</b>
Unemployment Trust Fund	(\$4,402,670) or Up to (\$5,000,000)	(\$4,402,670) or Up to (\$5,000,000)	(\$4,402,670) or Up to (\$5,000,000)	(\$4,402,670) or Up to (\$5,000,000)
Unemployment Compensation Administration Fund	\$0 or Up to (\$91,109)	\$0	\$0	\$0
<b>Total Estimated Net Effect on All Federal Funds</b>	<b>(\$4,402,670) or Up to (\$5,091,109)</b>	<b>(\$4,402,670) or Up to (\$5,000,000)</b>	<b>(\$4,402,670) or Up to (\$5,000,000)</b>	<b>(\$4,402,670) or Up to (\$5,000,000)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>Fully Implemented (FY 2030)</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0 FTE</b>	<b>0 FTE</b>	<b>0 FTE</b>	<b>0 FTE</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>Fully Implemented (FY 2030)</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

SEQ CHAPTER \h \r 1§ 288.132 & 288.133 – Unemployment Automation Fund

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state section 288.133 would require each employer that is liable for contributions to pay an annual unemployment automation adjustment of two one-hundredths of one percent of the employer's total taxable wages for the twelve-month period ending the preceding June thirtieth. The total adjustment due from all employers is not to exceed five million dollars.

In addition, for the first calendar quarter of each year, the total amount of tax contributions otherwise due for each employer liable for contributions shall be reduced by the dollar amount of the automation adjustment.

Taxable wage for period ending June 30, 2021: \$ 22,013,351,744 X 0.02% = \$4,402,670.

The Department anticipates being able to absorb the implementation costs, including ITSD costs through a current UI maintenance agreement and existing funds. However, until the FY 2023 budget is final, the Department cannot identify specific funding sources.

**Oversight** notes for this bill, **ITSD** assumes they will contract out the programming changes needed to update automation adjustment percentage, contribution rate of employers, and to create tables for the unemployment automation fund. ITSD estimates the project would take 820.8 hours at a contract rate of \$111 per hour for a total cost to the state of **\$91,109**.

**Oversight** notes that DOLIR has an existing maintenance contract that is paid by the Unemployment Compensation Administration Fund, supplemented by the Unemployment Automation Fund as funds are available. Additionally, DOLIR selects its ongoing consultancy rate dependent on difficulty of the programing and has a choice to employ in-house ITSD at \$95 per hour, or outside IT consultants at \$111 per hour. Therefore, **Oversight** will reflect a one-time IT consultant cost of \$0 up to (\$91,109) in the fiscal note for FY 2023.

In response to a similar proposal from 2022 (HB 2290), officials from the **University of Central Missouri** assumed the proposal would have indeterminate fiscal impact on their organization.

**Oversight** notes subsection 288.133.4 states that there shall be an offsetting reduction due from each employer liable to pay contributions under chapter 288. Therefore, Oversight will assume the proposal will net to zero fiscal impact to employers, including colleges, universities, and local political subdivisions.

In response to a similar proposal, SB 876 (2022), officials from **Missouri State University** stated the proposal would not have a direct fiscal impact on their organization.

§§303.025 & 303.041 – Inoperable Motor Vehicles

Officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

*Administrative Impact – Driver License Bureau (DLB)*

The proposal allows the Department to suspend registration of a vehicle if it has reason to believe a vehicle is uninsured. Currently, the Department enforces compliance with the insurance law in the following ways:

- If an owner fails to show proof of insurance at the time of registration, registration or renewal of registration is denied;
- A no insurance conviction assesses four points to a driver or owners driving record; and
- If an insured driver and owner are involved in an accident and it is reported to the Department pursuant to §303.040, the driver's operating privilege and the owner's vehicle registration is suspended.

The court also has the ability to enter an order suspending the driving privilege, pursuant to §303.025.3. In CY 2021, the Department received 4 court-ordered suspensions. The Department does not have available data to determine an estimated volume of increase, but assumes it will be minimal enough to be absorbed by current FTEs. If the increase is more significant than anticipated or additional laws are passed that impact the staff who process these court orders, additional FTEs may be requested through the appropriations process.

To implement the proposed legislation, the Department will be required to:

- Create forms
- Update Department's website
- Draft Internal and External procedures
- Draft Administrative Rules

*FY 2024 –Driver License Bureau (DLB)*

Associate Research/Data Analyst 160 hrs. @ \$19.47 per hr. = \$ 3,115

Research/Data Analyst 160 hrs. @ \$24.29 per hr. = \$ 3,886

Administrative Manager 60 hrs. @ \$26.37 per hr. = \$ 1,583

**Total \$8,584**

*Administrative Impact – Motor Vehicle Bureau (MVB)*

To incorporate the necessary changes to account for voluntary registration suspension by motor vehicle owner and requests to reinstate said registration, the Department will be required to:

- Incorporate the necessary changes of various Department systems;
- Update procedures, manuals, correspondence letters, and the Department website; and
- Train staff.

FY 2024 – Motor Vehicle Bureau

Associate Research/Data Analyst 134 hrs. @ \$18.87 per hr. = \$2,529

Research/Data Analyst 34 hrs. @ \$23.55 per hr. = \$ 801

Administrative Manager 17 hrs. @ \$25.56 per hr. = \$ 435

**Total \$3,765**

FY 2024 – Strategy and Communications Office

Associate Research/Data Analyst 30 hrs. @ \$18.87 per hr. = \$ 566

Research/Data Analyst 30 hrs. @ \$23.55 per hr. = \$ 707

**Total \$1,273**

**Grand Total Cost \$5,038**

The Department anticipated being able to absorb the above costs. If multiple bills are passed that require Department resources, the Department will request funding/FTE through the appropriations process.

**Oversight** assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

**DOR** noted **OA-ITSD** services will be required at a cost of **\$142,922** in FY 2023 (1,504.44 hours x \$95 per hour) and **\$14,292** in FY 2024 and FY 2025 (150.44 hours x \$95 per hour).

**Oversight** does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD costs on the fiscal note.

**SEQ CHAPTER 1**

§319.129 – Petroleum Storage Tank Insurance Fund

In response to a previous version, officials from the **Petroleum Storage Tank Insurance Fund (PSTIF)** assumed the following regarding this proposal:

Section 319.129.16 would extend all PSTIF Board of Trustees' operations until 12/31/2030. Under current law, the Board's operations will be reduced on 1/1/2026, thereafter no longer accepting new claims. Revenue will cease and the cash balance in the Fund will be used for paying costs for claims previously filed, including the administrative costs necessary during the "wind down" period until all claims are closed or moneys are depleted. Actuarial analysis

indicates the cash balance on 12/31/2025 will not be sufficient to meet long-term liabilities for claims already filed, plus those expected to be filed before the sunset date. The estimated shortfall is approximately \$45 million. This issue is exasperated by the anticipated increase in claims as the sunset date nears and tank and property owners rush to test for impact of previously unreported pollution and file claims before the cut-off.

If this bill passes, the rush to file end-of-program claims will be spread out over more years, lessening the impact as revenues are still being collected. Additionally, in an effort to have adequate revenue to meet long-term liabilities, the PSTIF Board of Trustees is currently considering an increase in the transport load fee, the primary source of revenue for the Fund. The five additional years of collection this bill provides would allow for a smaller increase in the fee.

PSTIF's 2021 "Breakeven Analysis" estimates that revenues and expenses from 1/1/2026 through 12/31/2030 (the period of the proposed extension) with no increase in the transport load fee would be consistent with current PSTIF budget plus/minus typical fluctuations due to economic factors and claims projections as follows:

FY 2026: Total Est. Revenue \$16,846,213; Total Est. Expenses \$18,253,921

FY 2027: Total Est. Revenue \$16,791,007; Total Est. Expenses \$18,478,701

FY 2028: Total Est. Revenue \$16,735,401; Total Est. Expenses \$18,375,900

FY 2029: Total Est. Revenue \$16,679,367; Total Est. Expenses \$18,613,508

FY 2030: Total Est. Revenue \$16,622,888; Total Est. Expenses \$18,860,690

FY 2031(1/2): Total Est. Revenue \$7,675,000; Total Est. Expenses \$12,859,926

**Oversight** does not have information to the contrary and therefore, Oversight will reflect an extension of revenue and related expenses as provided by the PSTIF.

**Oversight** notes there was a balance of \$43,217,520 in the Petroleum Storage Tank Insurance Fund (0585) as of May 31, 2022. The fund had receipts of \$17.5 million in FY 2021.

#### §375.159 – Travel Insurance

Officials from the **Department of Commerce and Insurance** believe the costs of this section can be absorbed within current appropriations. However, should the cost be more than anticipated, the department would request an increase to FTE and/or appropriations as appropriate through the budget process.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this section.

#### Bill as a whole:

Officials from the **Office of Administration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Public Safety - Missouri Highway**

**Patrol, the Department of Social Services, the Missouri Department of Conservation, the Office of the State Treasurer, the Office of the State Courts Administrator, the Missouri Office of Prosecution Services, the City of Claycomo and Kansas City** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**SEQ CHAPTER \h \r 1** Officials from the **Department of Health and Senior Services** and the **Department of Corrections** defer to the Office of Administration for the potential fiscal impact of this proposal.

**SEQ CHAPTER \h \r 1** **SEQ CHAPTER \h \r 1** Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 \$5,000. 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 its 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.



<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
<b>GENERAL REVENUE</b>				
<u>Cost – DOR – OA-ITSD services</u> (§303.025) p. 5-6	<u>(\$142,922)</u>	<u>(\$14,292)</u>	<u>(\$14,292)</u>	<u>(\$14,292)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$142,922)</u></b>	<b><u>(\$14,292)</u></b>	<b><u>(\$14,292)</u></b>	<b><u>(\$14,292)</u></b>
<b>PETROLEUM STORAGE TANK INSURANCE FUND (0585)</b>				
<u>Revenue - PSTIF Board of Trustees - Extension of transport load fee from 12/31/2025 to 12/31/30</u> (§319.129.16) p. 6-7	\$0	\$0	\$0	\$16,622,888
<u>Expenses - PSTIF Board of Trustees - Extension of program from 2025 to 2030</u> (§319.129.16) p. 6-7	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$18,860,690)</u>
<b>ESTIMATED NET EFFECT ON THE PETROLEUM STORAGE TANK INSURANCE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>(\$2,237,802)</u></b>
<b>UNEMPLOYMENT AUTOMATION FUND (0953)</b>				

Transfer In – DOLIR from the federal Unemployment Trust Fund (§288.133) p. 4	<u>\$4,402,670 or Up to \$5,000,000</u>	<u>\$4,402,670 or Up to \$5,000,000</u>	<u>\$4,402,670 or Up to \$5,000,000</u>	<u>\$4,402,670 or Up to \$5,000,000</u>
<b>ESTIMATED NET EFFECT ON THE UNEMPLOYMENT AUTOMATION FUND</b>	<b><u>\$4,402,670 or Up to \$5,000,000</u></b>	<b><u>\$4,402,670 or Up to \$5,000,000</u></b>	<b><u>\$4,402,670 or Up to \$5,000,000</u></b>	<b><u>\$4,402,670 or Up to \$5,000,000</u></b>
<b>UNEMPLOYMENT TRUST FUND (0122)</b>				
Transfer Out – DOLIR to the state Unemployment Automation Fund (§288.133) p. 4	<u>(\$4,402,670) or Up to (\$5,000,000)</u>	<u>(\$4,402,670) or Up to (\$5,000,000)</u>	<u>(\$4,402,670) or Up to (\$5,000,000)</u>	<u>(\$4,402,670) or Up to (\$5,000,000)</u>
<b>ESTIMATED NET EFFECT ON THE UNEMPLOYMENT TRUST FUND</b>	<b><u>(\$4,402,670) or Up to (\$5,000,000)</u></b>	<b><u>(\$4,402,670) or Up to (\$5,000,000)</u></b>	<b><u>(\$4,402,670) or Up to (\$5,000,000)</u></b>	<b><u>(\$4,402,670) or Up to (\$5,000,000)</u></b>
<b>UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND (0948)</b>				
Cost – DOLIR – IT services (§288.133) p. 4	<u>\$0 or Up to \$91,109</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND</b>	<b><u>\$0 or Up to \$91,109</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT</u> <u>- Local</u> <u>Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

FISCAL IMPACT – Small Business

Certain small businesses may be impacted by this proposal.

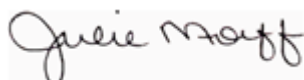
FISCAL DESCRIPTION

This proposal enacts provisions relating to insurance.

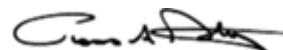
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

- Department of Natural Resources
- Petroleum Storage Tank Insurance Fund
- Department of Revenue
- Missouri Department of Transportation
- Department of Commerce and Insurance
- Office of the State Treasurer
- Missouri Highway Patrol
- Missouri State Treasurer’s Office
- Office of the State Public Defender
- Office of the State Courts Administrator
- Department of Corrections
- Missouri Office of Prosecution Services
- Department of Labor and Industrial Relations
- Office of Administration
- Missouri Department of Conservation
- University of Central Missouri



Julie Morff  
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June 3, 2022



Ross Strobe  
Assistant Director  
June 3, 2022