

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1068H.03T
 Bill No.: Truly Agreed To and Finally Passed HCS for SS for SB 176
 Subject: Transportation; Business and Commerce
 Type: Original
 Date: June 14, 2021

Bill Summary: This proposal modifies provisions relating to emerging technologies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$67,306)	(\$6,731)	(\$6,731)
Total Estimated Net Effect on General Revenue	(\$67,306)	(\$6,731)	(\$6,731)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Motor Vehicle Administration Technology Fund	Could exceed \$5,416,667 to \$27,083,333	Could exceed \$6,500,000 to \$32,500,000	Could exceed \$6,500,000 to \$32,500,000
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed \$5,416,667 to \$27,083,333	Could exceed \$6,500,000 to \$32,500,000	Could exceed \$6,500,000 to \$32,500,000

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§196.276 – Food Delivery Services

Officials from the **Department of Health and Senior Services**, the **Office of the State Courts Administrator**, the **Kansas City Health Department**, **Columbia/Boone County Department of Public Health and Human Services** and the **Newton County Health Department** 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.

§§300.010, 302.010, 303.020, 307.025, 307.180, 307.188, 307.193, 307.194, 365.020, 407.560, 407.815 & 407.103 – Electric Bicycles

Officials from the **Missouri Department of Transportation**, **Department of Public Safety - Missouri Highway Patrol** and **Department of Revenue** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these sections.

§301.558 – Dealer Administrative Fees

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

OA-ITSD services will be required to update DOR systems to be able to collect the fee from dealers at a cost of **\$67,306** in FY 2022 (708 hours x \$95 per hour) and **\$6,731** in subsequent years.

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.

Revenue Impact

DOR notes motor vehicle dealers, boat dealers, and power sport dealers are not required by law to report to the Department whether they charge an administrative fee in connection with the sale

or lease of a new or used motor vehicle, vessel, or vessel trailer. Therefore, the Department is unaware of the number of motor vehicle dealers assessing an administrative fee in connection with the sale of a new or used motor vehicle.

For calendar year 2020, approximately 1,300,000 vehicles were sold by dealers. If each dealer assessed an administrative fee of \$100 and the Motor Vehicle Administration Technology Fund received ten percent, this would equate to \$13,000,000 annually. Once the integrated system is implemented, and the fund received one percent, this would equate to \$1,300,000. If each dealer assessed the max allowed administrative fee of \$500, the fund would receive \$65,000,000 annually. Once the integrated system is implemented, and the fund received one percent, this would equate to \$6,500,000 annually. It is unknown what administrative fee each dealer will charge to their customers.

Oversight is unable to determine how many dealers in Missouri charge an administrative fee and the amount of these fees; therefore, Oversight will utilize the estimates provided by DOR. However, Oversight will assume 50% of dealers will charge an administrative fee; therefore, Oversight will range the fiscal impact from 50% of dealers charging \$100 to 50% of dealers charging the maximum fee of \$500 on the fiscal note.

Oversight is unable to determine when the integrated system indicated in Section 301.558.3, RSMo, will be implemented; however, DOR has indicated that this integrated system could cost up to \$105 million. Therefore, Oversight will reflect the revenue into the newly established Motor Vehicle Administration Technology Fund at the 10% level of the administrative fee assessed by dealers in all fiscal years on the fiscal note.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume the following regarding this proposal:

This bill allows for an increase in motor vehicle dealer administrative fees to increase from less than \$200, to \$500 or less and requires the fee to increase annually by an amount equal to the percentage change in the Consumer Price Index. This bill also requires that 10% of that fee be remitted to the state to implement a modernized motor vehicle and driver's licensing system. Any portion of the fee remitted to the state shall be deposited into the newly created "Motor Vehicle Administration Technology Fund." Upon completion of the system, 1% of the fee shall be remitted to pay for the maintenance of the system.

To the extent that individuals purchase vehicles from Missouri dealers and pay the administrative fee, TSR/18(e) would increase. B&P defers to the Department of Revenue for specific revenue estimates.

Officials from the **Missouri Highway Patrol** and **Missouri Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies for this section.

§304.900 – Personal Delivery Devices

Officials from the **Department of Commerce and Insurance, Department of Revenue, Missouri Department of Transportation and Missouri Highway Patrol** 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 for this section.

Officials from the **City of Springfield and City of St. Louis** 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.

In response to a previous version, officials from the **City of Claycomo, City of Corder, City of Hughesville, City of Kansas City, City of Ballwin, City of Hale and City of O’Fallon** each assumed the proposal would 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.

Responses regarding the proposed legislation as a whole

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and county health departments were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

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** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs.

However, they 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 their office can sustain within their core budget. Therefore, they 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Cost – DOR – OA- ITSD services (\$301.558) p. 3</u>	<u>(\$67,306)</u>	<u>(\$6,731)</u>	<u>(\$6,731)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$67,306)</u>	<u>(\$6,731)</u>	<u>(\$6,731)</u>
MOTOR VEHICLE ADMINISTRATION TECHNOLOGY FUND			
<u>Revenue – DOR – 10% of administrative fee charged by dealers – ranged from \$100 to \$500 per administrative fee (\$301.558) p. 3</u>	Could exceed \$5,416,667 to <u>\$27,083,333</u>	Could exceed \$6,500,000 to <u>\$32,500,000</u>	Could exceed \$6,500,000 to <u>\$32,500,000</u>
ESTIMATED NET EFFECT ON THE MOTOR VEHICLE ADMINISTRATION TECHNOLOGY FUND	Could exceed \$5,416,667 to <u>\$27,083,333</u>	Could exceed \$6,500,000 to <u>\$32,500,000</u>	Could exceed \$6,500,000 to <u>\$32,500,000</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

\$196.276 - This proposal will impact small business food delivery platforms because they will have to obtain a restaurant’s permission to deliver its food and meet other requirements.

\$301.558 - Motor vehicle dealers will be able to charge more in administrative fees as a result of this proposal.

FISCAL DESCRIPTION

This act modifies provisions related to new technologies.

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 Commerce and Insurance
- Missouri Department of Transportation
- Department of Revenue
- Missouri Highway Patrol
- Office of the Secretary of State
- Joint Committee on Administrative Rules
- Office of the State Courts Administrator
- City of Kansas City
- City of Springfield
- City of St. Louis
- City of Hale
- City of O’Fallon
- City of Sugar Creek
- City of Ballwin
- City of Claycomo
- City of Corder
- City of Hughesville
- Kansas City Health Department

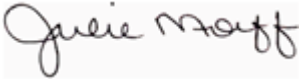
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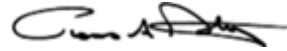
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Columbia/Boone County Department of Public Health and Human Services
Newton County Health Department



Julie Morff
Director
June 14, 2021



Ross Strobe
Assistant Director
June 14, 2021