

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4260S.06P
Bill No.: Perfected SS for SCS for SB 783
Subject: Attorney General; Department of Commerce and Insurance; Crimes and Punishment; Employment Security; Environmental Protection; Insurance - Automobile; Insurance - General; Law Enforcement Officers and Agencies; Motor Fuel; Motor Vehicles; Department of Revenue; Telecommunications; Transportation
Type: Original
Date: March 31, 2022

Bill Summary: This proposal enacts provisions relating to insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2030)
General Revenue*	(\$388,649)	Greater than (\$38,866)	Greater than (\$38,866)	Greater than (\$38,866)
Total Estimated Net Effect on General Revenue	(\$388,649)	Greater than (\$38,866)	Greater than (\$38,866)	Greater than (\$38,866)

*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.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2030)
Highway Fund	\$0	\$50,882	\$101,760	\$101,760
Motor Vehicle Financial Responsibility Verification and Enforcement Fund*	\$0	Less than (\$56,934) to could exceed \$81,706	Less than (\$105,640) to could exceed \$171,640	Less than (\$106,119) to could exceed \$171,161
Missouri Office of Prosecution Services Fund	(\$182,466)	Less than (\$182,466) to Unknown	Less than (\$182,466) to Unknown	Less than (\$182,466) to Unknown
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
Total Estimated Net Effect on Other State Funds	\$4,220,204 to \$4,817,534	\$4,214,152 to \$4,950,122	\$4,216,321 to \$5,090,934	\$1,978,043 to \$2,852,653

**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)

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2030)
Motor Vehicle Financial Responsibility Verification and Enforcement Fund – DOR FTE	0 FTE	1 FTE	1 FTE	1 FTE
Missouri Office of Prosecution Services	2 FTE	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	3 FTE	3 FTE	3 FTE

- 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 2023	FY 2024	FY 2025	Fully Implemented (FY 2030)
Local Government	\$0	Less than (\$16,960)	Less than (\$33,920)	Less than (\$33,920)

FISCAL ANALYSIS

ASSUMPTION

§§288.132 & 288.133 – Unemployment Automation Fund

In response to a similar proposal from 2022 (HB 2290), officials from **Department of Labor and Industrial Relations (DOLIR)** stated 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 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 **Department of Conservation, Missouri Department of Transportation, and Office of Administration** each

stated the proposal would not have a direct fiscal impact on their respective organizations.

In response to a similar proposal from 2022 (HB 2290), officials from the **City of Kansas City** and the **City of Springfield** stated the proposal would not have a direct fiscal impact on their respective organizations.

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

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, colleges, and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

§§303.025, 303.041, 303.420, 303.422, 303.425, 303.430 & 303.440 – Motor Vehicle Financial Responsibility

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

Administrative Impact - Motor Vehicle and Driver License Bureaus

The proposal requires the Department to establish and maintain a web-based system for online insurance verification. The system's goal is to identify uninsured motorists in the most effective way. To establish the objectives, details, and deadlines for the system, the Department must create an advisory council, which consists of representatives from the insurance industry who will also serve as voting members. To implement and enforce the program and to require real-time reporting, administrative rules will be promulgated.

The proposal allows the Department to contract or consult with a third-party vendor who has implemented a similar program in other states to create the web-based system; however, there is no funding provided in the proposal to fund a third-party vendor. As such, OA-ITSD will be responsible for the development, implementation, and maintenance of the system, unless funding becomes available. The OA-ITSD cost will be shown later in this response.

An online “real-time” insurance verification system will allow law enforcement to verify compliance with the Financial Responsibility Law at the time of roadside-traffic stops and motor vehicle crash investigations. This will result in an increase in the number of “no insurance” citations being issued by law enforcement to motor vehicle operators or owners.

Missouri currently has approximately 7.1 million registered vehicles. The uninsured vehicle rate in Missouri is believed to be approximately 13 percent.

This equates to 923,000 uninsured vehicles possibly being operated on Missouri roadways, not including out-of-state vehicles. It is unclear how many citations will be issued annually and of those, how many will result in a court conviction. According to statistics maintained by the Missouri Attorney General’s Office, in 2019, there were 1,524,640 traffic stops in this state. This shows 21% of the motor vehicles registered are stopped annually (1,524,640/7,100,000 = 21%). This may result in the Department receiving 193,830 convictions (923,000 x 21%) annually.

A court sends the conviction either electronically or by paper to the Department to post to the driver record and assess four points. (§303.025.3). The Department currently receives approximately 25% of all traffic convictions by paper (193,830 x 25% = 48,458). An Associate Customer Service Representative (ACSR) can key 350 paper convictions daily.

48,458	Number of paper convictions received annually
<u>\ 252</u>	Number of working days per year
213	Convictions received daily
<u>\ 350</u>	Convictions processed per day
0.6	ACSR I needed = 1 FTE @ \$26,328

The Department is required to issue point warning notices when a person accumulates four points on their driver record. No insurance convictions result in the assessment of four points. As such, each of these convictions will result in a point warning notice or a suspension notice for those individuals who have already accumulated points on their record prior to this point assessment.

193,830	Number of notices issued by the Department
<u>X \$.038</u>	Cost per letter
\$7,366	Total Annual Cost for letter
<u>\ 6</u>	Number of months in FY 2024 after law becomes effective
\$3,683	FY 2024 Letter Cost (6 months only)
\$7,366	FY 2025 Letter Cost
\$7,366	FY 2026 Letter Cost

193,830	Number of envelopes issued by the Department
<u>X \$.068</u>	Cost per envelope
\$13,180	Total Annual Cost for envelopes

<u>2</u>	Number of months in FY 2024 after law becomes effective
\$6,590	FY 2024 Envelope Cost (6 months only)
\$13,180	FY 2025 Envelope Cost
\$13,180	FY 2026 Envelope Cost
193,830	Number of notices issued by the Department
<u>X</u> <u>\$.55</u>	Cost for postage
\$106,607	Total Annual Cost for postage
<u>2</u>	Number of months in FY 2024 after law becomes effective
\$ 53,304	FY 2024 Postage Cost (6 months only)
\$106,607	FY 2025 Postage Cost
\$106,607	FY 2026 Postage Cost

In summary, **Oversight** notes the following costs for mailings:

	FY 2023	FY 2024 (6 Mos.)	FY 2025
Mailings	\$0	\$63,577	\$127,153

DOR notes this online system will also allow the Department and contract offices to verify insurance at the time a vehicle is registered or a registration is renewed both in-person and online. The registration or renewal will be denied if insurance is not confirmed.

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 uninsured 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 four 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 FTE. If the increase is more significant than anticipated or additional laws are passed that impact the staff who process these court orders, additional FTE may be requested through the appropriations process.

The Department has no data that would help to determine how much of an increase in hearing requests the Department will receive, but assumes it will not cause additional FTE. If the increase in hearing requests is more significant than anticipated or additional laws are passed that

affect the staff who mediate these hearings, additional FTE may be requested through the appropriations process.

Oversight does not have information to the contrary and therefore, Oversight will reflect the costs estimates for one FTE and the costs for mailings as provided by the DOR.

To implement the proposed legislation, **DOR** states they will be required to:

- Perform programming changes and testing of the web-based online insurance system for a minimum of nine months, per bill provisions
- Create forms
- Update Department’s website
- Update Driver Guide
- Draft internal and external procedures
- Create an Advisory Council to establish the objectives, details, and deadlines for the system
- Draft Administrative Rules

FY 2024 – Driver License Bureau (DLB)

Associate Research/Data Analyst	450 hrs. @ \$19.47 per hr. = \$ 8,762
Research/Data Analyst	175 hrs. @ \$24.29 per hr. = \$ 4,324
Administrative Manager	60 hrs. @ \$26.37 per hr. = <u>\$ 1,583</u>
	\$14,669

This legislation will result in an unknown increase in hearings the Department will conduct in regards to appeals. If the increase in hearings is significant, the Department will request additional FTE through the appropriations process.

In addition, it may be necessary that supplemental funding be given to establish the program and IT system since the funding source listed in this bill would not have any funds until funds were collected from violators.

Oversight will reflect an “Unknown” cost to DOR for the administration of Sections 303.420 to 303.440, RSMo, in the Motor Vehicle Financial Responsibility Verification and Enforcement Fund.

DOR notes, 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

Total Costs = \$5,038

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.

Administrative Impact - General Counsel's Office (GCO)

DOR-GCO anticipates if the increase is more significant than anticipated or additional laws are passed that impact the General Counsel's Office (GCO), additional FTE or Attorneys may be requested through the appropriations process. It is unclear how many individuals will appeal to the Circuit Court once their insurance is suspended.

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 as DOR indicated on the fiscal note.

DOR notes OA-ITSD services will be required at a cost of **\$388,649** in FY 2023 (4,091.04 hours x \$95 per hour) and **\$38,866** in FY 2024 and FY 2025 (409.12 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. For fiscal note purposes, Oversight assumes the \$38,866 annual cost will continue into FY 2026.

Revenue Impact

DOR states if a no insurance conviction subsequently results in a point accumulation suspension, the individual will be required to pay a \$20 reinstatement fee. With a presumption that 10% of all convictions received will result in a suspension, the reinstatement fees collected would be:

193,830	Number of annual convictions
X 10%	presumed percent of suspensions
19,383	Number of annual point suspensions

<u>X</u> 35%	Percent that reinstate annually
6,784	Number of annual reinstatements from these suspensions
<u>X</u> \$20	Reinstatement fee per suspension
\$135,680	Reinstatement fees collected annually
\ 12	Number of months in a year
\$11,307	Increase in reinstatement fees collected monthly
<u>X</u> 6	Number of months in FY 2024 after law becomes effective
\$67,842	Fees Collected in FY 2024 (6 months only)

Fees collected will be distributed 75% Highway Fund, 15% Cities, and 10% Counties.

FY 2024

\$67,842 x 75% = \$50,882	Highway Fund
\$67,842 x 15% = \$10,176	Cities
\$67,842 x 10% = \$ 6,784	Counties

FY 2025

\$135,680 x 75% = \$101,760	Highway Fund
\$135,680 x 15% = \$20,352	Cities
\$135,680 x 10% = \$13,568	Counties

FY 2026

\$135,680 x 75% = \$101,760	Highway Fund
\$135,680 x 15% = \$20,352	Cities
\$135,680 x 10% = \$13,568	Counties

Oversight also notes this proposal creates the “Motor Vehicle Financial Responsibility Verification and Enforcement Fund”, which shall consist of money collected under Sections 303.420 to 303.440, RSMo. Oversight notes fees from the pretrial diversion program being established will be deposited into this fund.

Oversight notes the following misdemeanor convictions for violations of §303.025:

FY 2021	6,478
FY 2020	5,662
FY 2019	7,333
<u>FY 2018</u>	<u>8,256</u>
Average	6,932

There is no way to determine how much revenue will be collected as a result of this provision; however, Oversight will estimate that 5% to 25% of violators will participate in the diversion program.

$$6,932 \times 5\% = 347 \times \$200 \text{ (diversion participation fee)} = \$69,320$$

$6,932 \times 25\% = 1,733 \times \200 (diversion participation fee) = \$346,600

Oversight notes because this is a diversion program, offenders may choose this option instead of paying a normal fine, which will result in a decrease in fine revenue to schools; therefore, Oversight will reflect an “Unknown” loss to schools. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula in following years.

Oversight notes the verification system shall be installed and fully operational by January 1, 2024, following an appropriate testing or pilot period of not less than nine months; therefore, Oversight will reflect the DOR FTE costs in FY 2024 (6 months) and FY 2025 (12 months).

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the following regarding this proposal:

If as contemplated in the bill, DOR enters into an agreement with MOPS to administer the diversion program created in Section 303.425 [much like the MOPS equivalent in Oklahoma does] there will be fiscal impact. First, MOPS will need the **two FTEs** requested in the FY 2023 budget in the amount of \$182,466 (salary, fringe supply). [Note: this amount to be paid out of the MOPS services fund, not general revenue]. Second, there will be a positive fiscal impact to MOPS from its share of the diversion fees collected but that amount is not able to be determined at this time. The positive financial impact will depend on the number of diversion cases and the amount of the diversion fee MOPS is allowed to retain for administering the diversion program. At a minimum, based on the success of the Oklahoma program, the positive fiscal impact should cover the cost of the two new FTEs and further replace revenue lost from significantly reduced bad checks restitution which has severely declined over the past decade, which in turn has significantly reduced the amount of revenue available to adequately fund the office in serving the state's prosecutors and circuit attorney.

Oversight notes that the proposal allows DOR to enter into an agreement with a third party other than MOPS to administer the diversion program. For fiscal note purposes Oversight will assume DOR will enter into an agreement with MOPS and will reflect the estimates as provided by MOPS.

Officials from the **Department of Commerce and Insurance, Department of Corrections, Missouri Highway Patrol, Missouri Department of Transportation, Office of the State Treasurer, Office of the State Courts Administrator and Office of the State Public Defender** 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.

Officials from the **Phelps County Sheriff, Kansas City Police Department, Eldon Police Department, St. Joseph Police Department and St. Louis County Police 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other law enforcement agencies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

§319.129 – Petroleum Storage Tank Insurance Fund

In response to a similar proposal from 2022 (SB 742), 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 \$42,428,271 in the Petroleum Storage Tank Insurance Fund (0585) as of December 31, 2021. The fund had receipts of \$17.5 million in FY 2021.

Officials from the **Department of Natural Resources, Department of Commerce and Insurance, Department of Revenue, Office of the State Treasurer and Missouri Department of Transportation** 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.

§375.159 – Travel Insurance

In response to a similar proposal from 2022 (HB 2566), officials from the **Department of Commerce and Insurance** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this section.

§376.380 – Value of Certain Insurance Policies and Contracts

In response to a similar proposal from 2022 (SB 1079), officials from the **Department of Commerce and Insurance** assumed the proposal will have no fiscal impact on their organization.

Oversight notes that the above mentioned agency has 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 this section.

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)
GENERAL REVENUE FUND				
<u>Cost – DOR – OA- ITSD services (88303.420 to 303.440) p. 9</u>	(\$388,649)	(\$38,866)	(\$38,866)	(\$38,866)
<u>Transfer Out – to the Motor Vehicle Financial Responsibility Verification and Enforcement Fund – start-up expenses before revenue stream is established (88303.420 to 303.440) p. 11</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$388,649)</u>	<u>Greater than (\$38,866)</u>	<u>Greater than (\$38,866)</u>	<u>Greater than (\$38,866)</u>
HIGHWAY FUND				
<u>Revenue – reinstatement fees (88303.420 to 303.440) p. 10</u>	<u>\$0</u>	<u>\$50,882</u>	<u>\$101,760</u>	<u>\$101,760</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$0</u>	<u>\$50,882</u>	<u>\$101,760</u>	<u>\$101,760</u>

<u>FISCAL IMPACT –</u> <u>State Government</u> (continued)	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
MOTOR VEHICLE FINANCIAL RESPONSIBILITY VERIFICATION AND ENFORCEMENT FUND				
<u>Transfer In</u> – from General Revenue (§303.420 to 303.440) p. 11	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue</u> – money collected (§303.420 to 303.440) p. 11	\$0	\$34,660 to \$173,300	\$69,320 to \$346,600	\$69,320 to \$346,600
<u>Cost</u> – DOR to administer program (303.420 to 303.440) p. 8	\$0	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> – DOR (303.420 to 303.440) p. 6				
Personal Services	\$0	(\$13,429)	(\$26,858)	(\$27,127)
Fringe Benefits	\$0	(\$10,502)	(\$20,949)	(\$21,159)
Expense and Equipment	\$0	(\$4,086)	\$0	\$0
<u>Total Costs</u> - DOR	\$0	(\$28,017)	(\$47,807)	(\$48,286)
FTE Change – DOR	0 FTE	1 FTE	1 FTE	1 FTE
<u>Cost</u> – DOR – mailings (303.420 to 303.440) p. 6-7	\$0	(\$63,577)	(\$127,153)	(\$127,153)

<u>FISCAL IMPACT – State Government</u> (continued)	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
ESTIMATED NET EFFECT ON THE MOTOR VEHICLE FINANCIAL RESPONSIBILITY VERIFICATION AND ENFORCEMENT FUND	<u>\$0</u>	Less than (\$56,934) to could exceed <u>\$81,706</u>	Less than (\$105,640) to could exceed <u>\$171,640</u>	Less than (\$106,119) to could exceed <u>\$171,161</u>
Estimated Net FTE Change to the Motor Vehicle Financial Responsibility Verification and Enforcement Fund	0 FTE	1 FTE	1 FTE	1 FTE
MISSOURI OFFICE OF PROSECUTION SERVICES FUND (0680)				
<u>Revenue</u> – MOPS – fees from diversion program (303.420 to 303.440) p. 11	\$0	Unknown	Unknown	Unknown
<u>Cost</u> – MOPS – FTE Costs (303.420 to 303.440) p. 11	<u>(\$182,466)</u>	<u>(\$182,466)</u>	<u>(\$182,466)</u>	<u>(\$182,466)</u>
ESTIMATED NET EFFECT ON THE MISSOURI OFFICE OF PROSECUTION SERVICES FUND	<u>(\$182,466)</u>	Less than <u>(\$182,466) to</u> <u>Unknown</u>	Less than <u>(\$182,466) to</u> <u>Unknown</u>	Less than <u>(\$182,466) to</u> <u>Unknown</u>

<u>FISCAL IMPACT – State Government (continued)</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
Estimated Net FTE Change to the Missouri Office of Prosecution Services Fund	2 FTE	2 FTE	2 FTE	2 FTE
PETROLEUM STORAGE TANK INSURANCE FUND (0585)				
<u>Revenue</u> - PSTIF Board of Trustees - Extension of transport load fee from 12/31/2025 to 12/31/30 (\$319.129.16) p. 12	\$0	\$0	\$0	\$16,622,888
<u>Expenses</u> - PSTIF Board of Trustees - Extension of program from 2025 to 2030 (\$319.129.16) p. 12	\$0	\$0	\$0	(\$18,860,690)
ESTIMATED NET EFFECT ON THE PETROLEUM STORAGE TANK INSURANCE FUND	\$0	\$0	\$0	(\$2,237,802)

<u>FISCAL IMPACT – State Government</u> (continued)	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
UNEMPLOYMENT AUTOMATION FUND (0953)				
Transfer In – DOLIR from the federal Unemployment Trust Fund (§§288.132 & 288.133) p. 4-5	\$4,402,670 or Up to <u>\$5,000,000</u>	\$4,402,670 or Up to <u>\$5,000,000</u>	\$4,402,670 or Up to <u>\$5,000,000</u>	\$4,402,670 or Up to <u>\$5,000,000</u>
ESTIMATED NET EFFECT ON THE UNEMPLOYMENT AUTOMATION FUND	\$4,402,670 or Up to <u>\$5,000,000</u>	\$4,402,670 or Up to <u>\$5,000,000</u>	\$4,402,670 or Up to <u>\$5,000,000</u>	\$4,402,670 or Up to <u>\$5,000,000</u>
UNEMPLOYMENT TRUST FUND (0122)				
Transfer Out – DOLIR to the state Unemployment Automation Fund (§§288.132 & 288.133) p. 4-5	(\$4,402,670) or Up to <u>(\$5,000,000)</u>	(\$4,402,670) or Up to <u>(\$5,000,000)</u>	(\$4,402,670) or Up to <u>(\$5,000,000)</u>	(\$4,402,670) or Up to <u>(\$5,000,000)</u>
ESTIMATED NET EFFECT ON THE UNEMPLOYMENT TRUST FUND	(\$4,402,670) or Up to <u>(\$5,000,000)</u>	(\$4,402,670) or Up to <u>(\$5,000,000)</u>	(\$4,402,670) or Up to <u>(\$5,000,000)</u>	(\$4,402,670) or Up to <u>(\$5,000,000)</u>

<u>FISCAL IMPACT – State Government (continued)</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND (0948)				
<u>Cost – DOLIR – IT services (§§288.132 & 288.133) p. 4</u>	\$0 or Up to <u>\$91,109</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND	\$0 or Up to <u>\$91,109</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT</u> <u>– Local</u> <u>Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
LOCAL POLITICAL SUBDIVISIONS				
<u>Revenue</u> (Cities 15%) – reinstatement fees (§§303.420 to 303.440) p. 10	\$0	\$10,176	\$20,352	\$20,352
<u>Revenue</u> (Counties 10%) – reinstatement fees (§§303.420 to 303.440) p. 10	\$0	\$6,784	\$13,568	\$13,568
<u>FISCAL IMPACT</u> <u>– Local</u> <u>Government</u> (continued)	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2030)
<u>Loss</u> – Schools – decreased in fine revenue for those who choose the diversion program over paying the standard fine (§§303.420 to 303.430) p. 10-11	\$0	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	Less than (\$16,960)	Less than (\$33,920)	Less than (\$33,920)

FISCAL IMPACT – Small Business

§§288.132 & 288.133 - Small businesses will have to comply with the proposal and remit appropriate amounts into the Unemployment Automation Trust fund.

§319.129 - Small business owners and operators of petroleum storage tanks will be able to continue to obtain reasonably-priced pollution liability coverage as a result of this proposal.

§375.159 - A direct fiscal impact to a limited lines travel insurance producer or travel retailer could be expected as a result of this proposal.

§376.380 - Certain small business insurance companies may be impacted by this proposal.

FISCAL DESCRIPTION

This proposal enacts provisions relating to insurance.

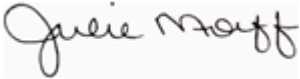
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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
City of Kansas City
City of Springfield
Phelps County Sheriff
Kansas City Police Department
St. Louis County Police Department

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Eldon Police Department
St. Joseph Police Department



Julie Morff
Director
March 31, 2022



Ross Strobe
Assistant Director
March 31, 2022