

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1209-01
Bill No.: HB 488
Subject: Licenses - Driver's; Fees; Revenue Department
Type: Original
Date: February 28, 2011

Bill Summary: Requires driver's license examinations to only be administered in English and establishes a fee for taking the written portion of the examination.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Highway Fund	\$888,935	\$1,003,626	\$1,003,626
Fire Investigator's Fund	\$418,178	\$501,813	\$501,813
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,307,113	\$1,505,439	\$1,505,439

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
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	\$836,356	\$1,003,626	\$1,003,626

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation** and the **Office of State Treasurer** state this proposed legislation will have no fiscal impact on their respective agencies.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. 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 \$2,500.

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

According to officials from the **Joint Committee on Administrative Rules (JCAR)**, this proposal should not create any additional fiscal impact above current appropriations to JCAR.

Officials from the **Department of Public Safety - Missouri State Highway Patrol (Driver's Examination Division)** state that this proposed legislation requires driver's examinations to only be administered in English. Foreign language interpreters will not be permitted for the written or driving skills test with this proposal. The proposed legislation further establishes a \$15 fee for taking the written portion for class E, F, and motorcycle examinations. In 2010, 167,271 successfully completed the exam. For purposes of this fiscal note, the Patrol has based the fiscal impact upon the number of applicants in 2010 that had successfully completed the exam ($167,271 \times \$15 = \$2,509,065$). The Patrol assumes they are the only ones who would have to pay the fee. Of the fees collected, 40 percent of this amount would be allocated to the Patrol for operating expenses ($\$2,509,065 \times .40 = \$1,003,626$).

Additionally, this proposed legislation would eliminate the need for paper tests in 11 foreign languages at a translation rate of \$1,000 per language ($11 \times \$1,000 = \$11,000$). These amounts are based on the average prices for services billed in 2002. In addition, seven computerized tests at a translation rate of \$5,940 per test ($7 \times \$5,940 = \$41,580$) would also be eliminated for a total of \$52,580. The charge for the computerized tests was recently estimated by a company currently utilized by the state for translation purposes. This savings is predicted for FY 12 and

ASSUMPTION (continued)

would occur approximately once every five years when tests are revised and updated.

Officials from the Department of Public Safety - Division of Fire Safety state that it is anticipated this proposal could generate approximately \$2,500,000 annually for the various programs listed in the proposal. As proposed, \$418,178 would be deposited into the Fire Investigator's Fund in FY12, \$501,813 in FY13 and FY14.

The Fire Investigator program is funded within the Division of Fire Safety's core general revenue budget. In FY10, the program expended \$791,284 for personal services and expense and equipment.

Officials from the **Department of Revenue (DOR) - Driver License Bureau (DLB)** provided the following assumptions regarding this proposed legislation:

Administrative Impact - Driver License Bureau - FY12

The proposed change will require DOR to:

- Modify and test changes to the Missouri Electronic Driver License system to incorporate collection and accounting of the \$15.00 written examination fee;
- Modify and test changes to the Missouri Transportation Accounting System (MTAS) to accommodate the new fee and new distribution processes;
- Modify Missouri Driver Guide (web and hard copy formats); and
- Modify driver license forms related to examination requirements and fees.
- Due to the scheduled transition to new hardware and updated software in our license offices scheduled to occur during FY 2012 there is an increased amount of programming and testing which must occur to program, test and implement changes to our legacy system and new license system.

The following personnel would be needed:

Administrative Analyst	200 hrs @ \$24 (1 1/2)/hr	\$ 4,800
Management Analyst Specialist II	240 hrs @ \$23/hr	\$ 5,520
Revenue Band Manager	40 hrs @ \$30/hr	<u>\$ 1,200</u>
	Total	\$11,520

ASSUMPTION (continued)

DOR would incur the following personnel costs for the Personnel Services Bureau for updating of DLB related forms, procedures and manuals and updating of web site information related to the driver examination process and driver license and instruction permit examination fees.

Administrative Analyst III (1)	40 hrs @ \$22.00/hr	\$ 880
Management Analysis Specialist 1 (2)	160 hrs @ \$20.00/hr	<u>\$ 3,200</u>
	Total	\$ 4,080

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.

Information Technology - OA-ITSD (DOR)

DOR's response to a proposal similar to or identical to this one in a previous session 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's 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 \$23,180 based on one Over the Counter (OTC) contractor @ \$100/hour for 200 hours and one FTE at \$26.50 for 120 hours.

Further assumptions:

Missouri Drivers License System (MODL)/ Missouri Transportation Accounting System (MTAS) impact:

Modify MTAS for new distributions of fees.

Modify Missouri Electronic Drivers License (MEDL) and MEDL-CI to charge for written tests.

Oversight assumes OA-ITSA (DOR) is provided with core funding to handle a certain amount of activity each year. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

ASSUMPTION (continued)

Revenue Impact

DOR reported that the total Class E, F and M written examinations administered during Calendar Year 2010 with passing scores = 167, 271

$167,271 \times \$15.00$ (proposed fee) = $\$2,509,065/12 = \$209,089 \times 10$ months (FY 12) = $\$2,090,888$ in total estimated annual revenue increase from non-commercial written examination fees FY12

FY 12

$2,090,888 \times 40\% = \$836,355$ Potential annual distribution to MSHP
 $2,090,888 \times 20\% = \$418,178$ Potential annual distribution to DARE program
 $2,090,888 \times 20\% = \$418,178$ Potential annual distribution to local school districts
 $2,090,888 \times 20\% = \$418,178$ Potential annual distribution to fire investigators fund

FY 13 and FY14

$167,271 \times \$15.00$ (proposed fee) = $\$2,509,065$ in total estimated annual revenue increase from non-commercial written examination fees.

FY 13

$2,509,065 \times 40\% = \$1,003,626$ Potential annual distribution to MSHP
 $2,509,065 \times 20\% = \$501,813$ Potential annual distribution to DARE program
 $2,509,065 \times 20\% = \$501,813$ Potential annual distribution to local school districts
 $2,509,065 \times 20\% = \$501,813$ Potential annual distribution to fire investigators fund

FY 14

$2,509,065 \times 40\% = \$1,003,626$ Potential annual distribution to MSHP
 $2,509,065 \times 20\% = \$501,813$ Potential annual distribution to DARE program
 $2,509,065 \times 20\% = \$501,813$ Potential annual distribution to local school districts
 $2,509,065 \times 20\% = \$501,813$ Potential annual distribution to fire investigators fund

Officials from the **Parkway School District** state that, assuming the proposed fee is not replacing fees already received, their district would receive three dollars for every driver's license exam taken within the district. They were unable to estimate a total revenue amount.

Officials from the **Boone County Sheriff's Department, Jefferson City Police Department, Columbia Police Department,** and the **Springfield Police Department** state this proposal will have no fiscal impact on their respective departments.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
HIGHWAY FUND			
<u>Savings</u> - Missouri State Highway Patrol (MSHP) - Reduction in testing costs	\$52,580	\$0	\$0
<u>Income</u> - MSHP - Fee income	<u>\$836,355</u>	<u>\$1,003,626</u>	<u>\$1,003,626</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$888,935</u>	<u>\$1,003,626</u>	<u>\$1,003,626</u>
FIRE INVESTIGATOR'S FUND			
<u>Income</u> - Department of Public Safety - Fire Safety - Fee Income	<u>\$418,178</u>	<u>\$501,813</u>	<u>\$501,813</u>
ESTIMATED NET EFFECT ON FIRE INVESTIGATOR'S FUND	<u>\$418,178</u>	<u>\$501,813</u>	<u>\$501,813</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - School Districts - Fee Income	\$418,178	\$501,813	\$501,813
<u>Income</u> - Local Law Enforcement - Fee Income for DARE Program	<u>\$418,178</u>	<u>\$501,813</u>	<u>\$501,813</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$836,356</u>	<u>\$1,003,626</u>	<u>\$1,003,626</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires Missouri driver's license examinations to only be administered in English so that the applicant can demonstrate his or her ability to sufficiently understand highway traffic signs and safety warnings. The Director of the Department of Revenue cannot supply or permit the use of language interpreters in connection with the required written and driving tests.

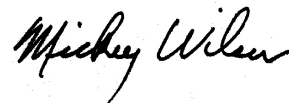
A \$15 fee will be assessed to any applicant for the written portion of the examination which must be payable to the Director of the Department of Revenue and disbursed as follows:

- (1) 40% to the State Highway Patrol for operating expenses;
- (2) 20% to the Drug Awareness Resistance Education (DARE) Program;
- (3) 20% to the local school district where the fees are collected for high school driver's education programs within the district; and
- (4) 20% to the newly created Fire Investigator's Fund which will be used solely by the Division of Fire Safety within the Department of Public Safety to carry out its duties.

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 Public Safety
 Missouri State Highway Patrol
Department of Revenue
Department of Transportation
Office of State Treasurer
Office of Secretary of State
 Administrative Rules Division
Joint Committee on Administrative Rules
Local Law Enforcement
 Boone County Sheriff's Department
 Columbia Police Department
 Springfield Police Department
 Jefferson City Police Department
Local School Districts
 Parkway School District



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Director
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