

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5319-02
Bill No.: HB 1749
Subject: Motor Vehicles; Transportation; Revenue, Department of
Type: Original
Date: February 11, 2016

Bill Summary: This proposal modifies provisions of law relating to traffic offenses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$29,970)	\$28,680	\$36,363
Total Estimated Net Effect on General Revenue	(\$29,970)	\$28,680	\$36,363

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Highway Fund	\$0	(\$415,182)	(\$622,770)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(\$415,182)	(\$622,770)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Federal	\$0 or (\$33,000,000)	\$0 or (\$66,000,000)	\$0 or (\$66,000,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (\$33,000,000)	\$0 or (\$66,000,000)	\$0 or (\$66,000,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE			

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	(\$138,393)	(\$207,590)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue (DOR)** assume this proposal is removing the assessment of points to a driver record for convictions that currently are assessed at three points or less. This includes all state, county, municipal, and out-of-state violations. This would result in a decrease in the number of convictions received by the Department. This would also reduce the number of driver license suspensions (§302.304.4) and revocations (§302.304.7) imposed by DOR on drivers who have accumulated eight points in 18 months, 12 points in one year, 18 points in 34 months, and 24 points in 36 months.

This proposal could potentially result in DOR violating §302.347, RSMo, which contains Missouri provisions adopting federal record keeping requirements (49 CFR § Part 384) to report to the CDLIS (Commercial Driver's License Information System) all convictions and license actions committed in any type of vehicle for a CDL holder or those required to hold a CDL.

Administrative Impact:

There are currently 121 different traffic offenses that require the assessment of three points or less when a driver is convicted. In calendar year 2014, DOR received a total of 447,621 point-assessable convictions, and of those, 368,390 were assessed three or less points ($368,390/447,621 = 82\%$). These convictions resulted in a total of 11,864 point suspensions and 36,163 revocations. It should be noted, however, that DOR is unable to determine exactly how many of the revocations imposed actually resulted from convictions that are assessed four or more points. If using the percent of convictions received with a point assessment of three or less (82%), the number of point revocations would be 29,654 ($36,163 \times 0.82$).

DOR would see a decrease in the volume of convictions received both manually and electronically (82%). Approximately 10% of all convictions are received by DOR manually. As such, the reduction in manual convictions would be approximately 36,839 annually ($368,390 \times 10\%$). This equates to 146 per day ($36,839/252$ work days per year). Since a Revenue Processing Tech I processes 340 convictions daily, this would only result in a reduction of one-half of an FTE, which equates to \$13,320.

There would be a cost savings for printing, envelopes, and postage for suspension and revocation notices. However, there would also be a reduction in the amount of suspensions and revocations added to driver's records, which would be a loss in reinstatement fees for those actions.

ASSUMPTION (continued)

Cost savings for printing, envelopes and postage:

11,864 - reduction of point suspensions
+29,654 - reduction of point revocations
41,518 - total reduction of point suspension and revocations notices issued

Letters

FY 18 (8 months) = $(41,518 \times \$0.025) = \$1,038/12 = \$87 \times 8 = \696
FY 19 = $\$1,038$

Postage

FY 18(8 months) $(41,518 \times \$0.49) = \$20,344/12 = \$1,695 \times 8 = \$13,560$
FY 19 = $\$20,344$

Envelopes

FY 18(8 months) = $(41,518 \times \$0.040) = \$1,661/12 = \$138 \times 8 = \$1,104$
FY 19 = $\$1,661$

Each fiscal year will continue to have the same fiscal impact as FY `19 for letters, postage and envelopes.

In summary, DOR assumes a savings of \$28,680 ($\$13,320 + \$696 + \$13,560 + \$1,104$) for FY `18 and \$36,363 ($\$13,320 + \$1,038 + \$20,344 + \$1,661$) for FY `19.

Because DOR will not be posting convictions with three or less points to the driver record, programming to the Missouri Driver License (MODL) system will be necessary to allow DOR to enforce other provisions of law. §303.042, RSMo, requires a revocation for a conviction for showing false proof of insurance to a law enforcement officer. §577.600, RSMo, requires a one-year or five-year revocation for failing to have ignition interlock when required. Since this proposal removes the assessment of points for a first state offense of driving without an operator's license or motorcycle endorsement it will be necessary for DOR to electronically store records of first convictions in order to adequately assess the necessary points for a second or subsequent conviction. §302.700, RSMo, requires DOR to disqualify a CDL holder's privilege for serious traffic violations that do not occur in a Commercial Motor Vehicle (CMV), if the convictions result in a suspension or revocation of the driver's base privilege. Since most of the serious traffic violations will no longer be assessed points, a CDL holder's privilege will no longer be disqualified for serious traffic offenses, unless the offense occurred in a CMV.

ASSUMPTION (continued)

Extensive programming will be necessary to MODL in order to store convictions that require other actions, but not post points on the driver record. All convictions sent electronically must be evaluated to determine whether they should be stored in the driver system, posted to the record without points, or bypassed through the electronic file to the Missouri State Highway Patrol.

Programming requirements and testing for convictions:

The Driver License Bureau estimates 480 hours of system testing and training by two Management Analyst I

Requires a review of administrative rules and internal procedures for possible revisions:

The Driver License Bureau estimates 160 hours of review by one Revenue Band Manager I.

FY `17

2 Management Analyst Specialist I (480 hrs x 2) -	960 @ \$21 per hr = \$20,160
Revenue Band Manager I -	160 hrs @ \$26 per hr = \$ 4,160
	\$24,320

Total OA-ITSD Impact for FY `17 is 399.6 hours at \$75 per hour = \$29,970.

In summary, DOR assumes a cost of \$54,290 (\$24,320 + \$29,970) for FY `17.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the personnel costs related to this proposal and will reflect a \$29,970 fiscal impact for IT cost.

Revenue Impact:

DOR would see a decrease in the number of suspension and revocation actions imposed based on this proposal. This will result in a reduction in the reinstatement fees collected. Fees collected are distributed 75% Highway Funds, 15% Cities, and 10% Counties.

ASSUMPTION (continued)

Reinstatement Fees Collected

11,864 - reduction of point suspensions
+29,654 - reduction of point revocations
41,518 - total reduction of point suspension and revocations
x \$20 - reinstatement fees not collected
\$830,360 - potential loss of revenue collected in reinstatement fees

FY `18 (8 months)

\$830,360 - decrease of reinstatement fees collected per year
/12 mos. per year
\$69,197
x 8
\$553,576

\$553,576
x 75%
\$415,182 (Highway fund)

\$553,576
x 15%
\$83,036 (Cities)

\$553,576
x 10%
\$55,357 (Counties)

FY `19

\$830,360 decrease of reinstatement fees collected per year
x 75%
\$622,770 (Highway fund)

\$830,360
x 15%
\$124,554 (Cities)

ASSUMPTION (continued)

\$830,360
x 10%
\$83,036 (Counties)

Each fiscal year will continue to have approximately the same fiscal impact as FY `19 for Highway, Cities and Counties.

In summary, DOR assumes a loss in revenue of \$415,182 to the Highway Fund, \$83,036 to Cities and \$55,357 to Counties for FY `18 and \$622,770 to the Highway Fund, \$124,554 to Cities and \$83,036 to Counties for FY `19.

Failure to comply with federal regulations (49 CFR Part § 384) could result in the loss of Missouri's portion of federal highway funds, with the first year of non-compliance resulting in 5% reduction (approximately \$33 million), and each subsequent year subject to a 10% reduction (approximately \$66 million). Missouri may lose the ability to issue CDL's if it is not compliant.

This proposal could result in DOR violating §302.347, RSMo, which contains Missouri provisions adopting federal record keeping requirements (49 CFR § Part 384) to report to the CDLIS (Commercial Driver's License Information System) all convictions and license actions committed in any type of vehicle for a CDL holder or those required to hold a CDL.

Oversight will range the fiscal impact of this proposal from \$0 (does not put Missouri out of compliance) to a loss of \$33 million (if it is found by the federal government that DOR is out of compliance with the federal record keeping requirements to report to the CDLIS) in FY `17 and a loss of \$66 million in FY `18 and FY `19.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Savings</u> - DOR - printing, envelopes, postage and half FTE	\$0	\$28,680	\$36,363
<u>Cost</u> - DOR - administrative costs to implement changes	<u>(\$29,970)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE	<u>(\$29,970)</u>	<u>\$28,680</u>	<u>\$36,363</u>
HIGHWAY FUND			
<u>Loss</u> - loss of revenue from no longer assessing points to a driver record	<u>\$0</u>	<u>(\$415,182)</u>	<u>(\$622,770)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUNDS	<u>\$0</u>	<u>(\$415,182)</u>	<u>(\$622,770)</u>
FEDERAL FUNDS			
<u>Loss</u> - loss of federal funds if Missouri found to be out of compliance	\$0 or <u>(\$33,000,000)</u>	\$0 or <u>(\$66,000,000)</u>	\$0 or <u>(\$66,000,000)</u>
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>\$0 or (\$33,000,000)</u>	<u>\$0 or (\$66,000,000)</u>	<u>\$0 or (\$66,000,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss - Cities</u> Reinstatement Fees (15%)	\$0	(\$83,036)	(\$124,554)
<u>Loss - Counties</u> Reinstatement Fees (10%)	<u>\$0</u>	<u>(\$55,357)</u>	<u>(\$83,036)</u>
ESTIMATED NET EFFECT TO THE LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>(\$138,393)</u>	<u>(\$207,590)</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 modifies provisions related to certain traffic offenses.

Section 302.020, RSMo

Any person 18 years of age or older shall be cited and fined more than once in a 24 hour period for failing to wear protective headgear while operating a motorcycle and prohibits such person from being stopped to determine compliance with this provision.

Section 302.302

Additionally, points will no longer be assessed on a person's drivers license for any moving violation or speeding violation.

Section 476.385

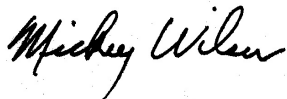
Prohibits any deviation from the schedule of fines to be paid for the violation of certain sections listed in statute which is established and maintained by the Supreme Court. No individual political subdivision shall establish any traffic offense not on the schedule of fines or modify any fine on the schedule.

FISCAL DESCRIPTION (continued)

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 Revenue
Department of Insurance, Financial Institutions and Professional Registration
Department of Corrections
Department of Transportation
Department of Public Safety
 Missouri State Highway Patrol
Office of Prosecution Services
Office of State Courts Administrator
State Public Defender's Office



Mickey Wilson, CPA
Director
February 11, 2016

Ross Strobe
Assistant Director
February 11, 2016