

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5180-01  
Bill No.: HB 2307  
Subject: Agriculture; Motor Vehicles  
Type: Original  
Date: February 26, 2018

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Bill Summary: This proposal exempts certain motor vehicles used to transport farm products from motor vehicle inspection requirements.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$12,960)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$12,960)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Highway Fund	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Highway Patrol Inspection Fund	(Less than \$50,000)	(Less than \$50,000)	(Less than \$50,000)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Less than \$150,000)</b>	<b>(Less than \$150,000)</b>	<b>(Less than \$150,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>Minimal</b>	<b>Minimal</b>	<b>Minimal</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

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

**§307.350**

Provides for a safety inspection exemption for all motor vehicles confined solely to the transportation of property owned or leased by any person who is the owner or operator of such vehicle to or from a farm owned by such person or under the person's control by virtue of a landlord and tenant lease within the state of Missouri provided that any such property transported to or from any such farm is for use in the operation of such farm.

**Administrative Impact**

The Department assumes this safety inspection exemption is to apply only to commercial motor vehicles registered with farm plates as provided in §§301.030.3 and 301.010.1(26) and not to any qualified motor vehicle, including passenger registrations.

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

- Update procedures and the Department website;
- Update the titling manual;
- Update the General Affidavit (DOR-768); and
- Complete programming and user acceptance testing on required systems.

**FY 2019 - Motor Vehicle Bureau**

Management Analysis Spec I      240 hrs. @ \$18.42 per hr.      = \$ 4,421

**FY 2019 - Personnel Services Bureau**

Management Analysis Spec I      40 hrs. @ \$18.42 per hr.      = \$ 737

Administrative Analyst III      10 hrs. @ \$19.43 per hr.      = \$ 194

Total      \$ 931

**Total Costs      \$ 5,352**

OA-ITSD services will be required at a cost of **\$12,960** (172.80 hours x \$75 per hour) in FY 2019.

ASSUMPTION (continued)

**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 costs related to this proposal; therefore, Oversight will reflect a fiscal impact of \$12,960 for IT services in FY 2019.

Revenue Impact

The elimination of the safety inspection requirements for motor vehicles in the operation of a farm, could potentially lead to an increase in the number of motor vehicles that are issued "farm" registrations under §§301.030.3 and 301.010.1(26). This may result in a minimal increase in revenue to the Highway Fund, cities, and counties.

Officials from the **Department of Public Safety - Missouri Highway Patrol (DPS-MHP)** assume the following regarding this proposal:

The proposed legislation would amend section 307.350 RSMo by adding an exception for agriculture vehicles from the requirements of a vehicle safety inspection. More specifically, the bill states "motor vehicles whose operations are confined solely to the transportation of property owned or leased by any person who is the owner or operator of such vehicle to and from a farm owned or leased by any person who is the owner or operator of such vehicle to or from a farm owned by such person or under the person's control by virtue of a landlord and tenant lease within the state of Missouri; provided that, any such property transported to or from any such farm is for the use in the operation of such farm."

Currently, there are approximately 2,500,000 vehicles that are safety inspected each year. Of the \$12.00 cost for each inspection, the Patrol, by statute, receives \$1.50. This covers the cost of the inspection stickers and administration of the program. As a result, approximately \$3,750,000 is deposited into the highway funds account each year.

It is unknown at this time on the anticipated number of vehicles that would qualify for the exception under the proposed legislation. If 25% of the current registered vehicles would qualify, the reduction in deposits to the highway funds would be \$937,500.

For each sticker sold, one dollar (or 2/3) is deposited in the Highway Fund and fifty cents (or 1/3) is deposited in the Highway Patrol Inspection Fund.

Officials from the **Department of Agriculture** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

**Oversight** notes that according to the National Agricultural Statistics Service, there were 97,200 farm operations in Missouri in 2016. It is unknown how many vehicles per farm operation are used solely for the transportation of property for use in the operation of the farm. Oversight will assume there will be at least one vehicle per farm operation that would qualify for this reflection; therefore, Oversight will reflect a loss of “Less than \$100,000” to the Highway Fund (97,200 x \$1.00 of inspection fee = \$97,200) and “Less than \$50,000” to the Highway Patrol Inspection Fund (97,200 x \$0.50 of inspection fee = \$48,600) in FY 2019, FY 2020 and FY 2021.

Oversight will also reflect a “Minimal” amount of revenue to the Highway Fund, Cities and Counties for the potential increase in the number of vehicles registered under this exemption.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DOR - IT services</u>	<u>(\$12,960)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$12,960)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>HIGHWAY FUND</b>			
<u>Revenue - DOR - potential increase in number of vehicles issued registration</u>	Minimal	Minimal	Minimal
<u>Loss - DPS - revenue lost from exemption from inspection</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON THE HIGHWAY FUND</b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021
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**HIGHWAY PATROL INSPECTION FUND**

<u>Loss</u> - DPS - revenue lost from exemption from inspection	(Less than <u>\$50,000</u> )	(Less than <u>\$50,000</u> )	(Less than <u>\$50,000</u> )
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<b>ESTIMATED NET EFFECT ON THE HIGHWAY PATROL INSPECTION FUND</b>	<b>(Less than <u>\$50,000</u>)</b>	<b>(Less than <u>\$50,000</u>)</b>	<b>(Less than <u>\$50,000</u>)</b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Revenue</u> - Cities - potential increase in number of vehicles issued registration	Minimal	Minimal	Minimal
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<u>Revenue</u> - Counties - potential increase in number of vehicles issued registration	<u>Minimal</u>	<u>Minimal</u>	<u>Minimal</u>
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<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Minimal</u></b>	<b><u>Minimal</u></b>	<b><u>Minimal</u></b>
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FISCAL IMPACT - Small Business

A small business that earns revenue generated from the safety inspection process may experience a decrease in revenue. Conversely, any small business that owns vehicles for purpose of transporting property owned by such business to and from a farm owned or leased by such business will no longer be required to pay for a safety inspection.

FISCAL DESCRIPTION

This bill exempts motor vehicles used solely for the purpose of transporting farm property from the vehicle registration requirement, provided the property is used in the operation of the farm.

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 Public Safety - Missouri Highway Patrol  
Department of Agriculture

Ross Strope



Acting Director  
February 26, 2018