

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1674-01
Bill No.: HB 792
Subject: Transportation; Motor Vehicles; Licenses - Driver's
Type: Original
Date: March 25, 2019

Bill Summary: This proposal modifies provisions relating to commercial driver's licenses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$66,632) to (\$123,525)	\$0 to (\$80,631)	\$0 to (\$81,312)
Total Estimated Net Effect on General Revenue	(\$66,632) to (\$123,525)	\$0 to (\$80,631)	\$0 to (\$81,312)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Highway Fund	\$51,959	\$62,351	\$62,351
Total Estimated Net Effect on <u>Other</u> State Funds	\$51,959	\$62,351	\$62,351

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 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 2020	FY 2021	FY 2022
Local Government	\$17,320	\$20,786	\$20,786

FISCAL ANALYSIS

ASSUMPTION

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

Administrative Impact

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

- Work with OA-ITSD to update the Missouri Electronic Driver License system (MEDL) and develop possible interfaces with the Federal Motor Carrier Safety Act (FMCSA) defined verification system, which may include changes to the Missouri AAMVAnet Interface (MAI) application or a newly developed interface;
- Update Missouri Driver License system (MODL) to update, store and respond to information request related to medical certificate information;
- Update the current issuance term for commercial instruction permits in MEDL and update MODL and MEDL to ensure only one, one-year term documented is issued without retesting as required;
- Update the MEDL system and the MAI application to receive and send out required medical certificate data and post updates to the driver record as required;
- Modify MEDL test entry screens for military waiver applicants to allow the written and skills testing to be waived for military applicants;
- Complete programming and user acceptance testing;
- Update the Uniform License Issuance Manual (ULIM);
- Update the Missouri Driver Guide and CDL manual;
- Update the Missouri Transportation Accounting System (MTAS) to reflect the increased fee;
- Update procedures and the Department website; and
- Train staff.

FY 2020 - Driver License Bureau

Administrative Analyst II	320 hrs. @ \$17.13 per hr.	= \$ 5,482
Management Analysis Spec II	480 hrs. @ \$20.57 per hr.	= \$ 9,874
Revenue Manager	120 hrs. @ \$20.59 per hr.	= \$ 2,471
Total		= \$17,827

ASSUMPTION (continued)

Administrative Impact (continued)

FY 2020 - Personnel Services Bureau

Administrative Analyst III	80 hrs. @ \$19.80 per hr.	= \$ 1,584
Management Analysis Spec I	80 hrs. @ \$18.42 per hr.	= \$ 1,474
Total		= \$ 3,058

Total Costs = **\$20,885**

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.

DOR notes OA-ITSD services will be required at a cost of **\$123,525** (1,647 hours x \$75 per hour) in FY 2020.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed to the MODL and CDIS systems. ITSD estimates the project would take 1,647 hours at a contract rate of \$75 per hour for a total cost to the state of \$123,525. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$123,525) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

DOR also notes this legislation is federally mandated. The Federal Motor Carrier Safety Administration's (FMCSA) Minimum Training Requirements for Entry-Level Commercial Motor Vehicle Operators final rule was mandated by the Moving Ahead for Progress in the 21st Century Act (MAP-21) and was effective February 6, 2017. The FMCSA requirements are defined in accordance with 49 CFR Part 380, Subpart F: CDL Entry-Level Driver Training. The current Federal compliance deadline is February 7, 2020. Non-compliance may result in the loss of federal funding and could compromise our commercial driver license issuance program as defined in 49 CFR 384 Subpart C-Procedures for Determining State Compliance 49.

ASSUMPTION (continued)

Administrative Impact (continued)

The FMCSA Medical Examiner's Certification Integration rule was posted April 23, 2015 and later amended for a correction and compliance extension. The requirement for electronic verification of medical examiner certificate (MEC) information for commercial drivers is defined in 49 CFR Part §383.73. The amended deadline for state licensing agency compliance is June 22, 2021. Non-compliance may result in the loss of federal funding and could compromise our commercial driver license issuance program as defined in 49 CFR 384 Subpart C-Procedures for Determining State Compliance 49.

Pursuant to 49 CFR §384.401, following the first year of non-compliance, up to 4% of Federal-aid highway funds apportioned to any State under sections 104(b)(1), (b)(3), and (b)(4) of title 23 U.S.C. shall be withheld from a State on the first day of the fiscal year following such State's first year of non-compliance. For second and subsequent year(s) of non-compliance, an amount up to 8% shall be withheld.

Based on DOR's response, **Oversight** assumes this proposal is federally mandated and will place Missouri in compliance with federal regulations. If Missouri were to remain non-compliant, Missouri would risk losing federal funding of \$26 million (4%) in FY 2021 and \$52 million (8%) in FY 2022 and beyond.

Revenue Impact

DOR notes the following estimates are based on issuance totals from the Missouri Transportation Accounting System report for FY 2018.

Estimated increase in commercial permit fees

18,497	New permits issued
x \$5	Increased fee
\$92,485	Increased fees collected annually

75% Distributed to Highway Fund	\$69,364
15% Distributed to Cities	\$13,873
10% Distributed to Counties	\$ 9,248

ASSUMPTION (continued)

Revenue Impact (continued)

Estimated decrease in renewal of commercial learners' permit fees

1,870 Renewal permits issued
 x \$5 Current permit fee
 \$9,350 Decrease in permit fees collected annually

75% Distributed to Highway Fund \$7,013
 15% Distributed to Cities \$1,402
 10% Distributed to Counties \$ 935

	FY 2019 (10 Mo.)	FY 2020	FY 2021
<i>Amount to Distribute</i>	<i>\$69,279</i>	<i>\$83,135</i>	<i>\$83,135</i>
75% Highway Fund	\$51,959	\$62,351	\$62,351
15% Cities	\$10,392	\$12,472	\$12,472
10% Counties	\$6,928	\$8,314	\$8,314

Source: DOR

Officials from the **Department of Transportation** defer to DOR for the fiscal impact of this proposal.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assume the proposal will have no fiscal impact on their organization.

Oversight notes that MHP 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 MHP.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost</u> - DOR - ITSD costs (ranged from contracting out programming (\$126,525) to hiring additional FTE IT Specialist) p.4	(\$66,632) to <u>(\$123,525)</u>	\$0 to <u>(\$80,631)</u>	\$0 to <u>(\$81,312)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$66,632) to (\$123,525)</u>	<u>\$0 to (\$80,631)</u>	<u>\$0 to (\$81,312)</u>
Estimated Net FTE Change for the General Revenue Fund	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
HIGHWAY FUND			
<u>Revenue</u> - §302.720 Increase in commercial permit fees p. 5-6	\$57,803	\$69,364	\$69,364
<u>Loss</u> - §302.720 Decrease in renewal of commercial learners' permits p. 5-6	<u>(\$5,844)</u>	<u>(\$7,013)</u>	<u>(\$7,013)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	<u>\$51,959</u>	<u>\$62,351</u>	<u>\$62,351</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Cities (15%) - §302.720 Increase in commercial permit fees p. 5-6	\$11,561	\$13,873	\$13,873
<u>Revenue</u> - Counties (10%) - §302.720 Increase in commercial permit fees p. 5-6	\$7,707	\$9,249	\$9,249
<u>Loss</u> - Cities (15%) - §302.720 Decrease in renewal of commercial learners' permits p. 5-6	(\$1,169)	(\$1,401)	(\$1,401)
<u>Loss</u> - Counties (10%) - §302.720 Decrease in renewal of commercial learners' permits p. 5-6	<u>(\$779)</u>	<u>(\$935)</u>	<u>(\$935)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$17,320</u>	<u>\$20,786</u>	<u>\$20,786</u>

FISCAL IMPACT - Small Business

DOR notes the overall impact to small business is unknown. The mandate to complete FMCSA-approved CDL entry-level driver training will increase costs for businesses requirements for CDL operators. The newly required training may also result in increased revenue for new or current CDL training programs since all new and upgrading CDL applicants would now be required to attend a formal training program to become eligible for CDL skills testing and licensing.

The proposed changes in §302.720.1 may result in a loss of license office agent fees of a combined total of \$4,675 (total statewide) due to the change in commercial permit issuance terms, thus prohibiting permit renewal.

FISCAL IMPACT - Small Business (continued)

The proposed changes in §302.768 may result in a loss of license agent fees statewide. Based on the FY 2018 statistics for medical certificate update transactions completed, and the \$2 agent processing fee currently collected, contract license offices may lose a combined total of approximately \$167,868 since drivers' information would be received electronically, thus eliminating the requirement for an applicant to return to the license office to update the medical certificate information.

FISCAL DESCRIPTION

This bill modifies the storage and record requirements for test score documents issued by commercial testers and documents submitted by military service members by adding them to existing exemptions. Currently, a commercial driver's instruction permit is valid for six months and may be renewed once for an additional six months. The bill changes the permit to a one-year nonrenewable instruction permit and increases the fee from \$5 to \$10. The fee for a duplicate permit is \$5. This bill requires an applicant for a commercial driver's license to take an entry-level driver training program that is currently established by regulation. The bill also allows the Director of the Department of Revenue to waive specified written test requirements for current or former military service members.

This legislation is 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 Transportation
Department of Public Safety - Missouri Highway Patrol



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Director
March 25, 2019

Ross Strobe
Assistant Director
March 25, 2019