

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3213-03
Bill No.: HCS for HB 1256
Subject: Taxation and Revenue - Property; Licenses - Motor Vehicle; Motor Vehicles;
 Department of Revenue
Type: Original
Date: February 19, 2020

Bill Summary: This proposal modifies provisions relating to personal property tax obligations and motor vehicle, trailer, and boat registrations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$22,368)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$22,368)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

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 2021	FY 2022	FY 2023
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

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

Administrative Impact

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

- Write the business requirements, hold and attend design meetings, create test cases, complete user acceptance testing, and be responsible for post deployment testing.

FY 2021 - Motor Vehicle Bureau

Administrative Analyst I	40 hrs. @ \$14.70 per hr.	= \$ 588
Management Analysis Spec I	125 hrs. @\$18.42 per hr.	= \$ 2,303
Management Analysis Spec II	40 hrs. @ \$20.57 per hr.	= \$ 823
Revenue Manager	10 hrs. @ \$20.59 per hr.	= \$ 206
Total		<u>\$ 3,920</u>

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 **\$22,368** in FY 2021 (235.45 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.

DOR notes that all but 12 counties currently send property tax information electronically to DOR.

In response to a previous version, officials from the **Office of Administration - Budget and Planning** assumed this proposal has no direct impact on their organization, has no direct impact on general and total state revenues and will not impact the calculation pursuant to Article X, Section 18(e).

ASSUMPTION (continued)

Officials from the **Department of Transportation** and **Department of Public Safety - Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the agencies mentioned above have 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 these agencies.

In response to a previous version, officials from **Andrew County** state it costs \$13,500 per year for software and nightly downloads/updates.

Officials from the **Cole County Collector's Office** assume the fiscal impact to Cole County could be several million dollars in personal property tax revenue for the following reasons:

Files are sent to DOR on a daily basis but DOR does not update those records on a daily basis. DOR currently sends taxpayers back to our office to get a paid receipt even though they can look up those records.

Cole County payment records are not reported in real time. It takes at least two days and could be up to 10 days before it shows an account as paid depending on how and where the payment was made. For example, a payment made on February 19 at the office will be in the file sent on February 20 at 11:02 pm after it has been balanced and posted to the prior days' work. A credit card payment made online on February 19 is not imported into the system until the following day and would have to be posted before it would be included in the file to DOR. An e-check payment made online or by IVR can take up to 10 days to clear. Unlike credit cards, e-check payments are not automatically verified.

For this proposal to work, collector's offices would need to be able to provide real time information. Cole County estimates a minimum expense of \$50,000 to convert their system to real time and another \$50,000 to be able to integrate it with DOR.

Oversight assumes county collector's offices will incur costs in order to comply with this proposal; therefore, Oversight will reflect an "Unknown" cost on the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, county collectors were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Cost - DOR - OA-ITSD services p. 3</u>	<u>(\$22,368)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$22,368)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost - County Collectors - software/program to send data electronically to DOR p. 4</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</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 relating to personal property tax obligations and motor vehicle, trailer, and boat registrations.

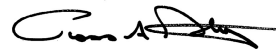
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning
Joint Committee on Administrative Rules
Department of Transportation
Department of Public Safety - Missouri Highway Patrol
Andrew County
Cole County Collector's Office



Julie Morff
Director
February 19, 2020



Ross Strobe
Assistant Director
February 19, 2020