

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6379-03  
Bill No.: HCS for HB 2496  
Subject: Roads and Highways; Department of Transportation  
Type: Original  
Date: April 16, 2018

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Bill Summary: This proposal establishes the Towing Task Force within the Department of Transportation.

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
State Road Fund	(Less than \$100,000)	(Less than \$100,000)	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 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>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Transportation (MoDOT)** assume this proposal would require MoDOT to establish a towing task force that would cap charges for non-consensual tows, create administrative rules, provide a process for consumers to recover overcharges, and add the ability to remove towers from the tow list maintained currently by Missouri State Highway Patrol (MHP).

While the members of the Task Force will not be MoDOT employees, they will need meeting space and staff dedicated to supporting the Task Force's mission. The proposal directs the Task Force to develop "comprehensive recommendations" to the Department. Staff time will be needed to assist this directive.

The proposal also directs the Director to promulgate rules to regulate the tow industry and a process to assess civil penalties for noncompliance; this would require substantial time of the Chief Counsel's Office (CCO). Further, the proposal directs the Director to develop an appeal/hearing process to hear and adjudicate consumer complaints. This will also require substantial CCO staff time.

In summary, MoDOT assumes an unknown negative impact to state road funds.

**Oversight** will assume a cost of under \$100,000 to MoDOT and will also assume the bulk of MoDOT's expenses will be incurred by the March 1, 2020 deadline for the task force to make its first comprehensive recommendations to the department, and can be absorbed going forward.

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

Officials from the **Office of the Governor** assume Section 304.153 creates the Towing Task Force within the Department of Transportation, which is comprised of eight gubernatorial appointments. There should be no added cost to the Governor's Office as a result of this measure. However, if additional duties are placed on the office related to appointments in other TAFP legislation, there may be the need for additional staff resources in future years.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act.

ASSUMPTION (continued)

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.

The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**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.

Officials from the **Joint Committee on Administrative Rules** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Officials from the and **St. Louis County Department of Justice Services** assume the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from the **Springfield Police Department** and **Joplin Police Department** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>STATE ROAD FUND</b>			
<u>Cost - MoDOT - administrative costs to support Towing Task Force</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE STATE ROAD FUND</b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal proposes a cap on the rates tow truck operators can charge for a "non-consensual" tow at the direction of a law enforcement officer. This could change the revenues that tow truck operators generate.

FISCAL DESCRIPTION

This bill creates a "Towing Task Force" within the Missouri Department of Transportation. Membership, leadership positions, and regulation of the task force is specified in the bill. The task force will make recommendations to the department by March 1, 2020, concerning maximum towing rates for non-consensual towing including storage fees, the investigation of overcharges for towing, processes for consumer complaints and civil penalties to use to enforce towing regulations, and relevant information to provide on invoices for non-consensual towing operations. Other recommendations are also specified in the bill. The bill prohibits the use of per-pound billing and also limits civil penalty options chosen by the commission to under \$5,000 per violation.

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 Transportation  
Department of Public Safety - Missouri Highway Patrol  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Office of the Governor  
Joplin Police Department  
St. Louis County Department of Justice Services  
Springfield Police Department

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope".

Acting Director  
April 16, 2018