

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1304H.011  
Bill No.: HB 388  
Subject: Revenue, Department of  
Type: Original  
Date: February 16, 2021

---

Bill Summary: This proposal would allow the Department of Revenue to send first class mail instead of certified mail.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
General Revenue	Greater than or less than \$1,341,219	Greater than or less than \$1,609,463	Greater than or less than \$1,609,463
<b>Total Estimated Net Effect on General Revenue</b>	<b>Greater than or less than \$1,341,219</b>	<b>Greater than or less than \$1,609,463</b>	<b>Greater than or less than \$1,609,463</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 \$250,000 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 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** notes this proposed legislation allows the Missouri Department of Revenue to mail documents via first class mail so long as current law does not require the document be mailed via certified or registered mail. Documents mailed via first class mail shall be mailed to the recipient's last known address.

Officials from the **Missouri Department of Revenue (DOR)** state there was a substantial difference in the volume of certified mail generated by DOR in Fiscal Year 2019 vs Fiscal Year 2020. To determine the estimated savings, DOR averaged the total certified mail costs for Fiscal Year 2019 and Fiscal Year 2020.

The US Postal Service implemented a certified mail rate increase towards the end of January 2019 and again in January 2020. The rate increases are included in the calculations below. The calculations below do not include the first class letter mail rate, which DOR will continue to pay even if the certified requirement is eliminated.

**Fiscal Year 2019 Certified Mail Volume (DOR total)**

277,400 pieces @ \$3.45 certified rate = \$957,030  
155,950 pieces @ \$3.50 certified rate = \$545,825  
Fiscal Year 2019 Total = \$1,502,855

**Fiscal Year 2020 Certified Mail Volume (DOR total)**

388,680 pieces @ \$3.50 certified rate = \$1,360,380  
348,717 pieces @ \$3.55 certified rate = \$1,237,945  
Fiscal Year 2020 Total = \$2,598,325

Average - \$2,050,590  $((\$1,502,855 + \$2,598,325) / 2)$

**Fiscal Year 2019 Certified Mail Volume w/ 1st class mail rate (DOR total)**

277,400 pieces @ \$.55 1st class rate = \$152,570  
155,950 pieces @ \$.55 1st class rate = \$85,773  
Fiscal Year 2019 Total = \$238,343

**Fiscal Year 2020 Certified Mail Volume w/ 1st class mail rate (DOR total)**

388,680 pieces @ \$.55 1st class rate = \$213,774  
348,717 pieces @ \$.55 1st class rate = \$191,794  
Fiscal Year 2020 Total = \$405,568

Average - \$441,127  $((\$238,343 + \$405,568) / 2)$

**Revenue Impact - \$2,050,590 - \$441,127 = \$1,609,463**

DOR assumes this proposed legislation will result in a savings to General Revenue equal to \$1,609,463.

**Oversight** assumes this proposed legislation would go into effect August 28, 2021.

Therefore, for purposes of this fiscal note, **Oversight** will report the savings to General Revenue equal to an amount “Greater than or less than” (taking into consideration the difference in mailing costs recognized in Fiscal Year 2019 and 2020) \$1,341,219 (ten months) in Fiscal Year 2022 and equal to an amount “Greater than or less than” (taking into consideration the difference in mailing costs recognized in Fiscal Year 2019 and 2020) \$1,609,463 beginning in Fiscal Year 2023.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>GENERAL REVENUE FUND</b>			
<u>Savings – Section 32.058 – DOR To Mail By First-Class Rather Than By Certified Mail</u>	<u>Greater than or less than \$1,341,219</u>	<u>Greater than or less than \$1,609,463</u>	<u>Greater than or less than \$1,609,463</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>Greater than or less than \$1,341,219</u></b>	<b><u>Greater than or less than \$1,609,463</u></b>	<b><u>Greater than or less than \$1,609,463</u></b>

<u>FISCAL IMPACT –</u> <u>Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

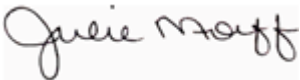
FISCAL DESCRIPTION

This proposed legislation allows the Director of the Department of Revenue to mail any document by first class mail unless current law requires a document to be sent by certified mail. The Director must mail every document to the recipient's last known address. If the Director is notified by the United States Postal Service that an assessment of tax was not received by the intended recipient, the Director shall attempt to re-issue the assessment and use available resources to obtain an updated address if necessary.

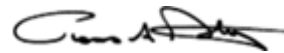
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Department of Revenue



Julie Morff  
Director  
February 16, 2021



Ross Strobe  
Assistant Director  
February 16, 2021