

26-037 : Proposal Related to Chapter 407, RSMo, version 1 (Ketcher) - Motor Vehicle Regulations

Organization: Attorney General's Office **Submitted At:** 04/07/2025 02:55 PM
Name: Diana Haines
Email: diana.haines@ago.mo.gov
Fiscal Impact: No

Organization: Department of Agriculture **Submitted At:** 04/01/2025 10:59 AM
Name: Amanda Kelley
Email: amanda.kelley@mda.mo.gov
Fiscal Impact: No

Organization: Department of Conservation **Submitted At:** 03/31/2025 04:14 PM
Name: Sandy Dorge
Email: sandy.dorge@mdc.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.

Organization: Department of Corrections **Submitted At:** 04/04/2025 03:50 PM
Name: Amanda Patton
Email: amanda.s.patton@doc.mo.gov
Fiscal Impact: No

Organization: Department of Economic Development **Submitted At:** 03/31/2025 03:12 PM
Name: Larissa Bess
Email: larissa.bess@ded.mo.gov
Fiscal Impact: No

Organization: Department of Elementary and Secondary Education **Submitted At:** 03/31/2025 03:52 PM
Name: Pam Victor
Email: pam.victor@dese.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.

Organization: Department of Elementary and Secondary Education **Submitted At:** 04/07/2025 12:08 PM
Name: Pam Victor **Response Version:** 2
Email: pam.victor@dese.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.

Organization: Department of Health and Senior Services **Submitted At:** 04/02/2025 11:22 AM
Name: DHSS Fiscal Notes
Email: fnotes@health.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.

Organization: Department of Higher Education and Workforce Development Name: Sara Harrison Email: sara.harrison@dhewd.mo.gov Fiscal Impact: No	Submitted At: 03/31/2025 04:09 PM
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Organization: Department of Labor and Industrial Relations Name: Dena Cummings Email: dena.cummings@labor.mo.gov Fiscal Impact: No	Submitted At: 03/31/2025 04:13 PM
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Organization: Department of Mental Health Name: Heather Hutchinson Email: heather.hutchinson@dmh.mo.gov Fiscal Impact: No	Submitted At: 03/31/2025 05:27 PM
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Organization: Department of National Guard Name: Nnamdi Nnedu Email: nnamdi.nnedu@mong.mo.gov Fiscal Impact: No	Submitted At: 04/14/2025 02:08 PM
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Organization: Department of Natural Resources Name: Rachel Bruemmer Email: rachel.bruemmer@dnr.mo.gov Fiscal Impact: No	Submitted At: 04/01/2025 08:24 AM
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Organization: Department of Public Safety Name: Angie Giddings Email: angie.giddings@dps.mo.gov Fiscal Impact: No The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.	Submitted At: 04/01/2025 09:12 AM
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Organization: Department of Revenue Name: Jeani Hancock Email: jeani.hancock@dor.mo.gov Fiscal Impact: Yes Response Files: <ul style="list-style-type: none">• IP-2026-037.docx Submitter Notes: Sorry for the delay. My computer was down all morning.	Submitted At: 04/08/2025 01:46 PM
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4/7/2025

This amendment if adopted would clarify the definition of a motor vehicle franchisor and a motor vehicle franchisee. The amendment would no longer allow a motor vehicle franchisor, the manufacturer of new motor vehicles, to sell vehicles directly to consumers. Only a motor vehicle franchisee who purchases vehicles from a manufacturer would be allowed to sell newly manufactured cars to consumers.

Currently there are manufacturers in Missouri that sell motor vehicles directly to consumers. Those companies would be required to decide if they wish to close their business and leave the state or contract with a motor vehicle franchisee. If they choose to contract with a motor vehicle franchisee, they could choose an existing franchisee or a new franchisee. If they choose to contract with a franchisee there would be no additional fiscal impact to the state.

Should the manufactures all decide to leave the state, DOR notes this is not expected to impact sales tax. Sales tax is collected based on the residence of consumer purchasing the vehicle. If a consumer decides to purchase a vehicle regardless of whether the vehicle is sold in Missouri or in another state, the sales tax is remitted based on their residence. Therefore, as long as the manufacture still sells the vehicle, the sales tax would still be owed regardless of the location of the sale.

DOR notes that some manufactures have service departments. This constitutional amendment would allow those service departments to continue operation. Should the service departments continue to operate in Missouri there will be no impact to state revenue from their staying. Should the manufacturers decide to close their service departments then state revenue could be impacted.

Withholding tax is collected from employees and remitted to DOR by an employer. Should these manufacturers close their dealership and/or their service departments there is a potential loss of withholding tax. DOR notes that the amount of withholding tax remitted is determined by the financial situation of each individual employee. DOR notes that over the last five years these manufacturers have remitted withholding tax totaling \$1,906,327 on all their employees. This would include both those that work in the dealership and those in the service departments. Withholding tax could be decreased by \$381,265 annually should all these employees no longer work in Missouri. DOR is unable to determine the number of employees who would no longer

work in Missouri and which ones would continue working in the service departments or seek employment with another Missouri employer and continue to remit withholding tax.

DOR notes that additionally, these manufacturers may owe corporate income tax. Should the manufacturers choose to leave the state we could expect a general revenue loss of less than \$462,000 from corporate income tax no longer collected. Should they choose to have their service departments remain operational we would expect to still receive corporate income tax resulting in less loss. Should they choose to contract with a motor vehicle franchisee, DOR would still assume collection of the corporate tax.

SAO Fiscal Note

From: Hancock, Jeani <Jeani.Hancock@dor.mo.gov>
Sent: Wednesday, April 9, 2025 3:57 PM
To: SAO Fiscal Note
Subject: RE: 26-037 and 26-038

Yes

Jeani Hancock
Department of Revenue
Legislative Team
(573)751-7038



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From: SAO Fiscal Note <FiscalNote@auditor.mo.gov>
Sent: Wednesday, April 9, 2025 3:25 PM
To: Hancock, Jeani <Jeani.Hancock@dor.mo.gov>
Subject: RE: 26-037 and 26-038

The group only includes car sellers that do not use a franchise model?

Thank you

From: Hancock, Jeani <Jeani.Hancock@dor.mo.gov>
Sent: Wednesday, April 9, 2025 2:52 PM
To: SAO Fiscal Note <FiscalNote@auditor.mo.gov>
Subject: RE: 26-037 and 26-038

I am sorry, due to the confidentiality laws governing the Department of Revenue found in Section 32.057, we are not able to provide the number of manufactures in the identified group.

Jeani Hancock
Department of Revenue
Legislative Team
(573)751-7038



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From: SAO Fiscal Note <FiscalNote@auditor.mo.gov>
Sent: Wednesday, April 9, 2025 2:31 PM
To: Hancock, Jeani <Jeani.Hancock@dor.mo.gov>
Subject: RE: 26-037 and 26-038

How many manufacturers are in the identified group?

Thank you

From: Hancock, Jeani <Jeani.Hancock@dor.mo.gov>
Sent: Wednesday, April 9, 2025 2:26 PM
To: SAO Fiscal Note <FiscalNote@auditor.mo.gov>
Subject: RE: 26-037 and 26-038

That was the 5-year average collected from the identified manufacturers. Therefore, the annual loss could be \$92,400 if all would choose to leave the state.

Jeani Hancock
Department of Revenue
Legislative Team
(573)751-7038



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From: SAO Fiscal Note <FiscalNote@auditor.mo.gov>
Sent: Wednesday, April 9, 2025 2:05 PM
To: Hancock, Jeani <Jeani.Hancock@dor.mo.gov>
Subject: 26-037 and 26-038

How was the potential amount lost for corporate income taxes determined? That amount is an annual loss?

Thank you

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Organization: Department of Social Services Name: DSS Fiscal Notes Email: fiscal.noteid@dss.mo.gov Fiscal Impact: No The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.	Submitted At: 04/02/2025 01:11 PM
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Organization: Department of Transportation Name: Erin Hutcheson Email: erin.hutcheson@modot.mo.gov Fiscal Impact: No The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.	Submitted At: 04/01/2025 02:24 PM
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Organization: Governor's Office Name: Amanda Holtmeyer Email: amanda.holtmeyer@governor.mo.gov Fiscal Impact: No	Submitted At: 04/02/2025 02:31 PM
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Organization: Missouri House of Representatives Name: Amanda Rule Email: amanda.rule@house.mo.gov Fiscal Impact: No	Submitted At: 03/31/2025 06:33 PM
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Organization: Missouri Senate Name: Christy Falter Email: christy.falter@senate.mo.gov Fiscal Impact: No	Submitted At: 03/31/2025 03:34 PM
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Organization: Office of Administration Name: Tony Roberts Email: tony.roberts@oa.mo.gov Fiscal Impact: No	Submitted At: 04/01/2025 09:42 AM
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Organization: Office of State Courts Administrator Name: Candice Lamb Email: candice.lamb@courts.mo.gov Fiscal Impact: No	Submitted At: 04/03/2025 10:37 AM
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Organization: Office of the State Public Defender Name: Mary Fox Email: mary.fox@mspd.mo.gov Fiscal Impact: No	Submitted At: 03/31/2025 03:29 PM
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Organization: Secretary of State's Office Name: Jennifer Briones	Submitted At: 03/31/2025 03:20 PM
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Email: jennifer.briones@sos.mo.gov

Fiscal Impact: Yes

Response Files:

- Elections-Referendum-response.docx

Submitter Notes: Thanks

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be \$8 million based on the cost of the 2024 primary and general election reimbursements.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

For the FY24 petitions cycle, the SOS estimates publication costs at \$60,000 per page. This amount is subject to change based on number of petitions received, length of those petitions and rates charged by newspaper publishers.

The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

If you have any questions, please contact Scott Pauley 573-526-0703.

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Organization: State Treasurer's Office **Submitted At:** 04/09/2025 12:57 PM
Name: Doug Shull
Email: doug.shull@treasurer.mo.gov
Fiscal Impact: No

Organization: Bates County **Submitted At:** 03/31/2025 03:55 PM
Name: Bates County Fiscal Notes
Email: bates@sos.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.

Organization: Clay County **Submitted At:** 04/01/2025 08:20 AM
Name: Stacey Tingle
Email: stingle@claycountymo.gov
Fiscal Impact: No

Organization: Greene County **Submitted At:** 04/01/2025 08:50 AM
Name: Shane Schoeller
Email: sschoeller@greencountymo.gov
Fiscal Impact: No

Organization: Macon County **Submitted At:** 04/03/2025 07:56 AM
Name: Macon County Fiscal Notes
Email: macon@sos.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.

Organization: Madison County **Submitted At:** 04/01/2025 08:19 AM
Name: Madison County Fiscal Notes
Email: madison@sos.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.

Organization: Madison County **Submitted At:** 04/01/2025 08:22 AM
Name: Madison County Fiscal Notes **Response Version:** 2
Email: madison@sos.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.

Organization: Pike County **Submitted At:** 03/31/2025 03:50 PM
Name: Pike County Fiscal Notes
Email: pike@sos.mo.gov
Fiscal Impact: No

Organization: Randolph County Name: Randolph County Fiscal Notes Email: randolph@sos.mo.gov Fiscal Impact: No	Submitted At: 04/07/2025 01:54 PM
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Organization: Schuyler County Name: Schuyler County Fiscal Notes Email: schuyler@sos.mo.gov Fiscal Impact: No	Submitted At: 03/31/2025 03:18 PM
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Organization: Scotland County Name: Scotland County Fiscal Notes Email: scotland@sos.mo.gov Fiscal Impact: No	Submitted At: 03/31/2025 04:22 PM
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Organization: St. Clair County Name: St. Clair County Fiscal Notes Email: stclair@sos.mo.gov Fiscal Impact: No	Submitted At: 04/01/2025 08:24 AM
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Organization: St. Louis County Name: Allen Bruce Email: abruce@stlouiscountymo.gov Fiscal Impact: No	Submitted At: 04/02/2025 01:34 PM
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Organization: City of Kansas City Name: Jim Brady Email: jim.brady@kcmo.org Fiscal Impact: No	Submitted At: 03/31/2025 03:14 PM
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Organization: City of St. Louis Name: Paul Payne Email: paynep@stlouis-mo.gov Fiscal Impact: No The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.	Submitted At: 04/01/2025 08:06 AM
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Organization: City of Wentzville Name: Jeff Lenk Email: jeff.lenk@wentzvillemo.gov Fiscal Impact: No	Submitted At: 04/02/2025 07:46 AM
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Organization: Metropolitan Community College Name: Metropolitan Community College Email: budget.office@mccckc.edu Fiscal Impact: No	Submitted At: 04/01/2025 08:35 AM
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Organization: St. Louis Community College	Submitted At: 03/31/2025 03:16 PM
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Name: Mark Swadener**Email:** mswadener@stlcc.edu**Fiscal Impact:** No**The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.****Organization:** University of Missouri**Submitted At:** 04/01/2025 07:45 AM**Name:** Heidi Twenter**Email:** twenterh@umsystem.edu**Fiscal Impact:** No**The responder indicated the SAO should apply the response provided for initiative petition 26-038 to initiative petition 26-037.****Organization:** www.unplugmusk.com**Submitted At:** 04/07/2025 12:00 PM**Name:** Bradley Ketcher**Email:** brad@ketcher.com**Fiscal Impact:** No**Response Files:** None

Submitter Notes: Many states currently ban Elon Musk/Tesla from selling cars in their states without any noticeable harm. Here is some background on those states: https://en.wikipedia.org/wiki/Tesla_US_dealership_disputes If consumers do not buy a Tesla, they are almost certain to buy another car, even an electric car, from a Missouri/local dealer, resulting in no sales tax or other tax impact. Even if a customer buys a car from an out of state Tesla location, at registration in Missouri, sales tax would be collected. In summary, this initiative would have no impact of state and local tax revenues.