

26-038 : Proposal Related to Chapter 407, RSMo, version 2 (Ketcher) - Motor Vehicle Regulations

Organization: Attorney General's Office**Submitted At:** 04/07/2025 02:56 PM**Name:** Diana Haines**Email:** diana.haines@ago.mo.gov**Fiscal Impact:** No**Organization:** Department of Agriculture**Submitted At:** 04/01/2025 10:55 AM**Name:** Amanda Kelley**Email:** amanda.kelley@mda.mo.gov**Fiscal Impact:** No**Organization:** Department of Conservation**Submitted At:** 03/31/2025 04:13 PM**Name:** Sandy Dorge**Email:** sandy.dorge@mdc.mo.gov**Fiscal Impact:** No**Organization:** Department of Corrections**Submitted At:** 04/07/2025 07:49 AM**Name:** DOC Fiscal Notes**Email:** docfn@doc.mo.gov**Fiscal Impact:** No**Organization:** Department of Economic Development**Submitted At:** 03/31/2025 04:07 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 03:49 PM**Name:** Pam Victor**Email:** pam.victor@dese.mo.gov**Fiscal Impact:** No**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**Organization:** Department of Higher Education and Workforce**Submitted At:** 03/31/2025 04:11 PM

Development

Name: Sara Harrison**Email:** sara.harrison@dhewd.mo.gov**Fiscal Impact:** No**Organization:** Department of Labor and Industrial Relations**Submitted At:** 03/31/2025 04:13 PM**Name:** Dena Cummings**Email:** dena.cummings@labor.mo.gov**Fiscal Impact:** No

The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.

Organization: Department of Mental Health

Submitted At: 03/31/2025 06:29 PM

Name: Heather Hutchinson

Email: heather.hutchinson@dmh.mo.gov

Fiscal Impact: No

Organization: Department of National Guard

Submitted At: 04/14/2025 02:08 PM

Name: Nnamdi Nnedu

Email: nnamdi.nnedu@mong.mo.gov

Fiscal Impact: No

Organization: Department of Natural Resources

Submitted At: 04/01/2025 08:25 AM

Name: Rachel Bruemmer

Email: rachel.bruemmer@dnr.mo.gov

Fiscal Impact: No

The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.

Organization: Department of Public Safety

Submitted At: 04/01/2025 09:12 AM

Name: Angie Giddings

Email: angie.giddings@dps.mo.gov

Fiscal Impact: No

Organization: Department of Revenue

Submitted At: 04/08/2025 01:47 PM

Name: Jeani Hancock

Email: jeani.hancock@dor.mo.gov

Fiscal Impact: Yes

Response Files:

- IP-2026-038.docx

Submitter Notes: Sorry for the delay. My computer was down all morning.

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 **Submitted At:** 04/02/2025 01:11 PM
Name: DSS Fiscal Notes
Email: fiscal.noteid@dss.mo.gov
Fiscal Impact: No

Organization: Department of Transportation **Submitted At:** 04/01/2025 02:24 PM
Name: Erin Hutcheson
Email: erin.hutcheson@modot.mo.gov
Fiscal Impact: No

Organization: Governor's Office **Submitted At:** 04/02/2025 02:31 PM
Name: Amanda Holtmeyer
Email: amanda.holtmeyer@governor.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.

Organization: Missouri House of Representatives **Submitted At:** 03/31/2025 06:35 PM
Name: Amanda Rule
Email: amanda.rule@house.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.

Organization: Missouri Senate **Submitted At:** 03/31/2025 03:34 PM
Name: Christy Falter
Email: christy.falter@senate.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.

Organization: Office of Administration **Submitted At:** 04/01/2025 09:43 AM
Name: Tony Roberts
Email: tony.roberts@oa.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.

Organization: Office of State Courts Administrator **Submitted At:** 04/03/2025 10:38 AM
Name: Candice Lamb
Email: candice.lamb@courts.mo.gov
Fiscal Impact: No

Organization: Office of the State Public Defender **Submitted At:** 03/31/2025 03:29 PM
Name: Mary Fox
Email: mary.fox@mspd.mo.gov
Fiscal Impact: No
The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.

Organization: Secretary of State's Office	Submitted At: 03/31/2025 03:20 PM
Name: Jennifer Briones	
Email: jennifer.briones@sos.mo.gov	
Fiscal Impact: Yes	
The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.	
Response Files:	
<ul style="list-style-type: none">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 Name: Doug Shull Email: doug.shull@treasurer.mo.gov Fiscal Impact: No	Submitted At: 04/09/2025 01:01 PM
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Organization: Bates County Name: Bates County Fiscal Notes Email: bates@sos.mo.gov Fiscal Impact: No	Submitted At: 03/31/2025 03:55 PM
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Organization: Clay County Name: Stacey Tingle Email: stingle@claycountymo.gov Fiscal Impact: No The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.	Submitted At: 04/01/2025 08:20 AM
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Organization: Greene County Name: Shane Schoeller Email: sschoeller@greencountymo.gov Fiscal Impact: No The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.	Submitted At: 04/01/2025 08:50 AM
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Organization: Macon County Name: Macon County Fiscal Notes Email: macon@sos.mo.gov Fiscal Impact: No	Submitted At: 04/03/2025 07:56 AM
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Organization: Madison County Name: Madison County Fiscal Notes Email: madison@sos.mo.gov Fiscal Impact: No	Submitted At: 04/01/2025 08:19 AM
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Organization: Pike County Name: Pike County Fiscal Notes Email: pike@sos.mo.gov Fiscal Impact: No	Submitted At: 03/31/2025 03:49 PM
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Organization: Randolph County Name: Randolph County Fiscal Notes Email: randolph@sos.mo.gov Fiscal Impact: No	Submitted At: 04/07/2025 01:55 PM
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Organization: Schuyler County Name: Schuyler County Fiscal Notes	Submitted At: 03/31/2025 03:18 PM
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Email: schuyler@sos.mo.gov**Fiscal Impact:** No**The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.****Organization:** Scotland County**Submitted At:** 03/31/2025 04:20 PM**Name:** Scotland County Fiscal Notes**Email:** scotland@sos.mo.gov**Fiscal Impact:** No**Organization:** St. Clair County**Submitted At:** 04/01/2025 08:24 AM**Name:** St. Clair County Fiscal Notes**Email:** stclair@sos.mo.gov**Fiscal Impact:** No**The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.****Organization:** St. Louis County**Submitted At:** 04/02/2025 01:34 PM**Name:** Allen Bruce**Email:** abruce@stlouiscountymo.gov**Fiscal Impact:** No**The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.****Organization:** Sullivan County**Submitted At:** 04/04/2025 03:04 PM**Name:** Sullivan County Fiscal Notes**Email:** sullivan@sos.mo.gov**Fiscal Impact:** No**Organization:** Wayne County**Submitted At:** 04/01/2025 02:22 PM**Name:** Wayne County Fiscal Notes**Email:** wayne@sos.mo.gov**Fiscal Impact:** No**Organization:** City of Kansas City**Submitted At:** 03/31/2025 03:14 PM**Name:** Jim Brady**Email:** jim.brady@kcmo.org**Fiscal Impact:** No**The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.****Organization:** City of St. Louis**Submitted At:** 04/01/2025 08:06 AM**Name:** Paul Payne**Email:** paynep@stlouis-mo.gov**Fiscal Impact:** No**Organization:** City of Wentzville**Submitted At:** 04/02/2025 07:46 AM**Name:** Jeff Lenk**Email:** jeff.lenk@wentzvillemo.gov**Fiscal Impact:** No**The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.**

Organization: Metropolitan Community College Name: Metropolitan Community College Email: budget.office@mccckc.edu Fiscal Impact: No The responder indicated the SAO should apply the response provided for initiative petition 26-037 to initiative petition 26-038.	Submitted At: 04/01/2025 08:35 AM
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Organization: St. Louis Community College Name: Mark Swadener Email: mswadener@stlcc.edu Fiscal Impact: No	Submitted At: 03/31/2025 03:16 PM
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Organization: University of Missouri Name: Heidi Twenter Email: twenterh@umsystem.edu Fiscal Impact: No	Submitted At: 04/01/2025 07:45 AM
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Organization: www.unplugmusk.com 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.	Submitted At: 04/07/2025 12:01 PM
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