

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0470-01
Bill No.: HB 99
Subject: Licenses - Motor Vehicle: Motor Vehicles; Revenue Dept;
Type: Original
Date: January 29, 2007

Bill Summary: Modifies provisions relating to salvage motor vehicles.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| General Revenue | (\$4,527) | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$4,527) | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------------------------|----------------------------------|----------------------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Highway Fund | (Less than \$100,000) | (Less than \$100,000) | (Less then \$100,000) |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | (Less than \$100,000) | (Less than \$100,000) | (Less than \$100,000) |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------------------------|------------------------------|------------------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Local Government | (Less than \$100,000) | (Less than \$100,000) | (Less than \$100,000) |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation, Department of Public Safety - Office of the Director and Missouri State Highway Patrol**, and the **Department of Insurance, Finance, and Professional Regulation** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Department of Revenue (DOR)** state there will be an unknown decrease in revenue because the definition of salvage vehicle is being revised to exclude hail-damaged vehicles, which will result in a reduction in the number of salvage titles issued.

DOR will be required to revise policies, procedures, and forms and in addition, must notify dealers, salvage dealers, and insurance companies regarding this legislation. The cost for this notification will be \$4,527.

Oversight assumes, based in information from DOR, that approximately 76,000 salvage titles are issued each year. Annual revenue is \$646,000 (76,000 x \$8.50). Salvage titles issued for vehicles no more than three years after the manufacturer's model year designation were as follows:

| | | | | | |
|------|-------|---|--------|---|----------|
| 2005 | 5,067 | x | \$8.50 | = | \$43,070 |
| 2004 | 7,176 | x | \$8.50 | = | \$60,996 |
| 2003 | 8,526 | x | \$8.50 | = | \$72,471 |

Oversight assumes even if fifty percent of the salvage titles had been due to hail damage, that eliminating hail damaged vehicles as being eligible for a salvage title could decrease the number of salvage titles issued but revenue losses should not exceed \$100,000 in any given year.

| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|---|---|---|
| GENERAL REVENUE | | | |
| <u>Cost - Department of Revenue</u> | | | |
| Forms and Notification Costs | <u>(\$4,527)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$4,527)</u> | <u>\$0</u> | <u>\$0</u> |
| HIGHWAY FUNDS | | | |
| <u>Loss -Revenue from decrease in salvage title fees</u> | <u>(Less than \$100,000)</u> | <u>(Less than \$100,000)</u> | <u>(Less than \$100,000)</u> |
| ESTIMATED NET EFFECT TO HIGHWAY FUNDS | <u>(Less than \$100,000)</u> | <u>(Less than \$100,000)</u> | <u>(Less than \$100,000)</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
| CITIES AND COUNTIES | | | |
| <u>Loss - Revenue from decrease in salvage title fees</u> | <u>(Less than \$100,000)</u> | <u>(Less than \$100,000)</u> | <u>(Less than \$100,000)</u> |
| ESTIMATED NET EFFECT TO CITIES AND COUNTIES | <u>(Less than \$100,000)</u> | <u>(Less than \$100,000)</u> | <u>(Less than \$100,000)</u> |

FISCAL IMPACT - Small Business

Fewer vehicles will be declared salvage which will impact the rebuilt vehicle industry. The value of these vehicles will increase since they will no longer be titled as salvage and consequently no longer branded "Prior Salvage".

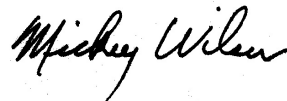
FISCAL DESCRIPTION

§ 301.010.51- Revises the definition of salvage vehicle to one that has been damaged during a year that is no more than three years after the vehicle's model year and raises the damage limit from 75% to 80% of the fair market value of the vehicle immediately preceding the time it was damaged. Hail damage is excluded from the damage calculations.

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
Department of Public Safety
Missouri State Highway Patrol
Department of Transportation
Department of Insurance, Finance, and Professional Regulation



Mickey Wilson, CPA
Director
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