

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4242-01  
Bill No.: HB 1999  
Subject: Law Enforcement Officers and Agencies; Motor Carriers; Motor Vehicles; Roads and Highways; Transportation Department  
Type: Original  
Date: April 14, 2008

---

Bill Summary: This proposal enacts provisions relating to towing and wrecker services, rotation lists, operation of towing companies, and the towing of vehicles.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$42,232)	(\$82,795)	(\$86,093)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$42,232)</b>	<b>(\$82,795)</b>	<b>(\$86,093)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Wrecker License Administration	\$9,490	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$9,490</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	1	1	1
Wrecker License Administration	1	1	1
<b>Total Estimated Net Effect on FTE</b>	<b>2</b>	<b>2</b>	<b>2</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

---

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Transportation, Office of the State Treasurer** and the **Department of Public Safety - Director's Office** each assume the proposal would not fiscally impact their respective agencies.

Officials from **Department of Public Safety - Missouri Highway Patrol (MHP)** state the proposed legislation would mandate the oversight of tow trucks used by law enforcement to provide service to citizens involved in traffic crashes and other incidents requiring the removal of vehicles from the roadway. We have been informed the Patrol would be tasked with all of the functions identified in the bill for the Department of Public Safety. It appears this would require significant rulemaking and ongoing administration.

The MHP assumes it will be tasked with all the functions identified in the bill for the Department of Public Safety. This would create a new unit within the Highway Patrol to oversee this new program. The Patrol has no way to know how many tow trucks services are currently in operation; therefore, this is our best estimate.

To oversee this new unit, the Patrol would transfer an existing Sergeant to be the statewide coordinator, serve as hearing officer for due process of licensing, and serve on a multi-jurisdictional committee to set rate schedules.

To assist the Sergeant, a Fiscal Budgetary Analyst would handle all fiscal issues relating to licensing.

Three Clerk IIIs would each handle coordination of inspections and complaints for a three-troop region.

Six part-time clerks would assist the Clerk IIIs so that each region will have one Clerk III and two temps.

Each employee would need a personal computer and telephone.

The legislation states that the initial license fee will be \$200, and will be annually renewed for \$100. Because the number of tow truck services is unknown, we have no way to estimate the revenue that would be generated. Therefore, the fiscal note is shown as a range from the known

ASSUMPTION (continued)

cost to the unknown revenue.

Since the abandoned vehicle database is not mandatory, the Patrol has not addressed this potential cost.

The MHP assume a total cost from the additional FTE of \$316,113 in FY 2009, \$348,583 in FY 2010 and \$357,664 in FY 2011.

Officials from the **Department of Revenue (DOR)** state section 304.155.6 of this proposal will eliminate the 10-day waiting period that towing companies currently have to follow before performing the record search if they have online access or submit the inspection report to DOR to conduct a record search of any owners/ lien holders on record so the tower can notify the owner/ lien holder prior to obtaining a title to the vehicle.

DOR assumes that by eliminating the 10-day working day period that the towing company currently has to wait to give the owner the opportunity to claim the abandoned property, we expect the number of abandoned vehicle record searches completed by DOR to increase by 100% (most towed abandoned property is claimed by the owner within the 10-day waiting period, and no record lookup would need to be performed.) There is currently an average of 351 abandoned vehicle record searches per week performed by the records center. A Revenue Licensing Tech can process about 12 searches per hour. With this and the assumption that abandoned vehicle record searches would increase 100% we concluded record searches would increase to 702 searches a week.

DOR will need to:

- Revise policies and procedures;
- Notify 400 tow companies throughout Missouri to notify them of the change in legislation at a cost of \$156 for printing, postage, and envelopes;
- Process 18,352 additional record searches a year and will require funding (for the new FTE) in the amount of \$44,422 in FY '09, \$46,339 in FY '10, and \$47,731 in FY '11 for 1 Revenue Licensing Tech, supporting expenses, equipment, and the record search postage and envelope costs.

**Oversight** has, for fiscal note purposes only, changed the starting salary for DOR's Revenue Licensing Tech to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

RS:LR:OD (12/02)

ASSUMPTION (continued)

**Oversight** assumes the amount of expense required to administer this licensing program, as estimated by the MHP, to be excessive. Oversight will utilize DOR's estimate of 400 towing companies. Therefore, Oversight will assume \$80,000 of revenue from the \$200 initial license fee in FY 2009 and \$40,000 (from \$100 annual renewal fee) for each year thereafter. Oversight will assume the MHP will be able to administer this new program with ½ FTE Sergeant and ½ FTE Fiscal and Budget Analyst. Oversight assumes a transfer from the General Revenue Fund to the new fund will be required each year after the first year in order to cover the estimated expenses of the MHP.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **St. Joseph Police Department** assume there may be possible costs related to officer waiting time and conflict with present system. The St. Joseph Police Department assumes an unknown amount at this time.

Officials from the **St. Charles Police Department, Kansas City Police Department, Independence Police Department** and the **Columbia Police Department** did not respond to our request for fiscal impact.

In response to a similar proposal from this year (HB 1525), officials of the **St. Louis County Police Department** assumed they would have initial costs of \$12,000 for computer programming for a computer aided dispatching system in the first year of implementation.

In response to a similar proposal from this year (HB 1525), officials of the **City of Springfield - Police Department** assumed to initiate the rotation program would require staff time to develop, maintain, and to hear appeals concerning the tow list proposal. Officials estimated this cost at \$5,000 to \$10,000 annually. Officials assumed there would be no tows for evidentiary storage

ASSUMPTION (continued)

which could cost the city as much as \$100,000 annually. Officials stated they currently do competitive bidding for these services to control costs and quality of storage capacity.

In response to a similar proposal from this year (HB 1525), officials of the **Boone County Sheriff's Department** assumed they would realize costs of personnel required to write department policy, solicit tow companies to be on the rotation lists, evaluate each company's eligibility to be on the list, implementation of the appeal/grievance procedure for companies excluded from the list. Officials assume these duties would be performed by administrative level personnel of the rank of Captain or Major. Officials estimate annual costs at \$1,740.

**Oversight** assumes this proposal requires new duties of local government and would have costs. **Oversight** assumes costs on a statewide basis are indeterminable and will be shown as a negative unknown. **Oversight** assume costs would exceed \$100,000 annually for local government law enforcement agencies.

**This proposal could increase Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department of Revenue</u>			
Personal Service (1 FTE)	(\$18,901)	(\$23,361)	(\$24,062)
Fringe Benefits	(\$8,358)	(\$10,330)	(\$10,640)
Expense and Equipment	<u>(\$14,973)</u>	<u>(\$9,748)</u>	<u>(\$10,041)</u>
<u>Total Costs - DOR</u>	(\$42,232)	(\$43,439)	(\$44,743)
<u>Transfer Out - to Wrecker License</u>			
Administration Fund - for potential shortfall between MHP expenses to administer program and license fees	<u>\$0</u>	<u>(\$39,356)</u>	<u>(\$41,350)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(\$42,232)</u></b>	<b><u>(\$82,795)</u></b>	<b><u>(\$86,093)</u></b>



### FISCAL IMPACT - Small Business

Small business towing companies would be required to pay a \$200 initial fee plus a \$100 annual fee to be licensed in the state as a result of this proposal.

### FISCAL DESCRIPTION

This proposal requires any wrecker or towing services requested by any political subdivision to be licensed. The request for towing may be rotated among all licensed wreckers or towing services located within a reasonable radius of each other unless adequate towers are not available.

The bill:

- (1) Requires the Department of Public Safety to place a licensed wrecker or towing service on the State Highway Patrol's rotation log, establish geographical areas of rotation, and make logs available for public inspection;
- (2) Requires wreckers and towers to meet certain qualifications in order to be placed on a rotation log;
- (3) Specifies the procedures for removing a company from a rotation log;
- (4) Specifies the requirements for wreckers or towing services located outside the county or state that do not meet the qualifications;
- (5) Requires licensed wreckers to maintain liability insurance in the amount of at least \$200,000 with a deductible not greater than \$1,000 per occurrence;
- (6) Requires a licensed wrecker to pay a \$200 initial licensing fee which can be renewed annually on December 31 for a \$100 fee;
- (7) Creates the Wrecker License Administration Fund for the deposit of fees collected to be used for the administration of these provisions; and
- (8) Authorizes the department to cancel, suspend, revoke, or refuse to issue or renew a license and to establish rules and maximum standards rate schedules.



FISCAL DESCRIPTION (continued)

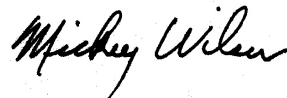
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety  
Department of Revenue  
Office of the State Treasurer  
Office of the Secretary of State  
Department of Transportation  
St. Joseph Police Department

**NOT RESPONDING:**

**St. Charles Police Department**  
**Kansas City Police Department**  
**Independence Police Department**  
**Columbia Police Department**



Mickey Wilson, CPA  
Director  
April 14, 2008