

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4722-01
Bill No.: HB 2093
Subject: Motor Vehicles: Licenses - Motor Vehicle
Type: Original
Date: April 14, 2008

Bill Summary: Requires purchases of vehicles sold for salvage, dismantling, or rebuilding to present a title to Department of Revenue within ten days of the purchase, regardless of the vehicle's age

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Highway Fund	\$100,000	\$100,000	\$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$100,000	\$100,000	\$100,000

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Office of the Director** and the **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 Transportation** defer to the Department of Revenue regarding fiscal impact to the Highway Fund.

Officials from the **Department of Revenue (DOR)** assume unknown increase in revenue from additional \$25 vehicle examination forms (DOR-551) sold for vehicles older than six years that were rebuilt and not “salvage” by definition but are required to obtain a salvage title under this proposal. There will also be an unknown increase in \$8.50 title fees on these transactions

DOR will need to:

- ▶ Revise policy and procedure.
- ▶ Issue an unknown additional amount of salvage/ prior salvage titles on vehicles older than six years sold for dismantling or rebuilding. These expenses include the titles, title printing costs as well as envelopes and postage expenses for title mailings. This expense will be approximately \$516 per one thousand additional titles issued.
- ▶ Process unknown amount of rebuilt vehicle/ prior salvage transactions, as noted above, and sell more vehicle examination forms (DOR-551).

Total unknown increase would roughly be \$100,000.

Oversight assumes costs to DOR could be absorbed with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
HIGHWAY FUND			
<u>Income</u> - Department of Revenue - Increase in salvage titles	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Vehicles older than six years, sold for dismantling or rebuilding will impact the rebuilt vehicle industry and the value of these vehicles will decrease since they will have to be titled as salvage and will no longer have the option to be titled as "original".

FISCAL DESCRIPTION

This proposal requires purchasers of a vehicle sold for salvage, dismantling, or rebuilding to present a title and application for a negotiable salvage certificate of title to the Department of Revenue within 10 days of the purchase, regardless of the vehicle's age.

All scrap metal operators will be required to obtain a title at the time of acquiring or purchasing a motor vehicle or vehicle parts.

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
 Office of the Director
 Missouri State Highway Patrol
Department of Insurance, Finance, and Professional Regulation
Department of Transportation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 14, 2008