

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1598-01
Bill No.: HB 645
Subject: Department of Revenue; Motor Vehicles; Roads and Highways
Type: Original
Date: March 4, 2019

Bill Summary: This proposal modifies provisions relating to salvage vehicles.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue (DOR)** assume the following regarding this proposal:

Administrative Impact

It is assumed that by removing the six year age restriction, all motor vehicles, regardless of age will be issued a salvage title if damaged to the extent that the total cost of repairs to rebuild or reconstruct the vehicle to its condition immediately before it was damaged for legal operation on the roads or highways exceeds eighty percent of the fair market value of the vehicle immediately preceding the time it was damaged.

This will eliminate the option for vehicles older than six years to be issued a salvage title, original title (branded prior salvage), or junking certificate.

To implement the proposed legislation, the Department will be required to:

- Update procedures, correspondence, and the Department website;
- Update the Missouri Titling manual; and
- Train staff.

FY 2020 - Motor Vehicle Bureau

| | | |
|----------------------------|----------------------------|-----------|
| Management Analysis Spec I | 120 hrs. @ \$18.42 per hr. | = \$2,210 |
|----------------------------|----------------------------|-----------|

FY 2020 - Personnel Services Bureau

| | | |
|----------------------------|---------------------------|----------|
| Administrative Analyst III | 10 hrs. @ \$19.80 per hr. | = \$ 198 |
|----------------------------|---------------------------|----------|

| | | |
|--------------------|--|------------------|
| Total Costs | | = \$2,408 |
|--------------------|--|------------------|

The Department anticipates that we will be able to absorb these costs and that there will be No Impact.

Oversight notes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

| <u>FISCAL IMPACT - State Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill removes a requirement to purchase salvage titles on certain vehicles purchases within six years of the manufacturer's model year designation. Existing salvage title requirements for sale are maintained.

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



Kyle Rieman
Director
March 4, 2019

Ross Strobe
Assistant Director
March 4, 2019