

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2464H.01I
Bill No.: HB 1138
Subject: Motor Vehicles; Business and Commerce; Revenue, Department of; Licenses -
Motor Vehicle
Type: Original
Date: April 5, 2021

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from 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, excluding owner retained motor vehicles, semitrailers, and house trailers over six years of age, 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 changes, the Department will be required to:

- Update procedures, correspondence letters, forms, and the Department website;
- Update the Missouri Titling manual;
- Send communications to stakeholders as applicable; and
- Train Staff.

FY 2021 – Motor Vehicle Bureau

Lead Administrative Support Assistant	10 hrs.	@ 14.54 per hr.	= \$ 145.40
Research/Data Assistant	60 hrs.	@ \$15.49 per hr.	= \$ 929.40
Administrative Manager	20 hrs.	@ \$21.57 per hr.	= \$ 431.40
Total			\$ 1,506.20

FY 2021 – Strategy and Communications Office

Associate Research/Data Analyst	10 hrs.	@ \$18.50 per hr.	= \$185.00
Associate Research/Data Analyst	20 hrs.	@ \$18.50 per hr.	= \$370.00
Total			\$555.00

Total Costs **= \$2,061.20**

The Department anticipates that we will be able to absorb these costs and that there will be no impact. If multiple bills are passed that require Department resources, FTE may be requested through the appropriations process.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Revenue Impact

DOR states they anticipate a slight increase in revenue based on the proposed language as vehicles over six years old, excluding owner retained with more than eighty percent damage, would now be required to surrender their original certificate of ownership and obtain a salvage title prior to obtaining an original title with a prior salvage brand. The Department is unable to determine the number of vehicles more than six years of age that would now be required to obtain a salvage title, but it is anticipated this increase will be minimal.

Upon further inquiry, **Oversight** notes the potential decrease in revenue is due to the loss of title fees and processing fees charged by DOR to persons who retain ownership of a vehicle with more than 80% damage. Salvage title fees are \$8.50 and the processing fee is \$6. **DOR** notes, in most total loss cases, the owner lets the insurance company keep the vehicle in order to get the total payout. It is uncommon for the owner to retain the vehicle; therefore, **Oversight** will not reflect the potential minimal loss of revenue on the fiscal note.

Officials from the **Missouri Highway Patrol** and **Missouri Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<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

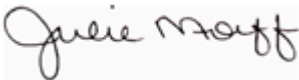
This bill changes the definition of "salvage vehicle" by removing the vehicle's age as a component of the damages and by excepting vehicles from the definition when a person retains ownership of the vehicle.

This bill repeals a provision stating when a purchaser of a vehicle sold for salvage must apply for a salvage title and when the application is discretionary, based upon the age of the vehicle.

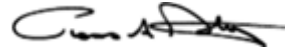
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Missouri Highway Patrol
Missouri Department of Transportation



Julie Morff
Director
April 5, 2021



Ross Strobe
Assistant Director
April 5, 2021