

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2652-07
Bill No.: SB 840
Subject: Motor Vehicles; Law Enforcement Officer and Agencies; Licenses - Motor Vehicle; Revenue Dept.
Type: Original
Date: January 23, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	\$3,241,858	\$3,241,858	\$3,241,858
Total Estimated Net Effect on General Revenue Fund	\$3,241,858	\$3,241,858	\$3,241,858

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Highway Fund	\$5,392,353	\$6,030,598	\$6,002,646
Total Estimated Net Effect on <u>All</u> State Funds	\$5,392,353	\$6,030,598	\$6,002,646

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
RR Grade Crossing Fee	\$10,698	\$0	\$0
Conservation Tax	\$354,032	\$354,032	\$354,032
State Parks Fund	\$141,613	\$141,613	\$141,613
Parks/Soil Fund	\$141,613	\$141,613	\$141,613
Total Estimated Net Effect on <u>All</u> Federal Funds	\$647,956	\$637,258	\$637,258

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$5,951,971	\$5,951,971	\$5,951,971

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri Highway Patrol** assume no fiscal impact to their agency.

In a similar proposal officials from the **Attorney General's Office** and **Office of State Court Administrator** assume no fiscal impact to their agency.

Officials from the **Department of Transportation** will rely upon the Department of Revenue's fiscal impact.

Officials from the **Department of Revenue, Division of Motor Vehicle and Drivers Licensing, Driver and Vehicle Services Bureau (DVSB)** assume that beginning January 1, 2005 the transferor of a motor vehicle having a Missouri title will be required to notify the Department of

ASSUMPTION (continued)

Revenue (DOR) of the transfer within ten days. DOR is required to prescribe the notice form. Once the notification is received DVSB will be required to key the information to the General Registration System. If DOR does not receive an application for title within sixty days from the date of the notice from the transferee (buyer), DOR must notify the transferee to apply for title.

DVSB estimates there will be approximately 1,038,624 notices of transfer received (based on current titles). DVSB will require the following FTE and associated costs to process these notifications

- 11 Revenue Licensing Technician I's to receive, review and key enter the notification of sale of information to the General Registration System.
- 6 Telephone Information Operator I's to answer inquiries that this notification will generate. DVSB anticipates that 10% of these notices will generate telephone inquiries.
- 1 Photographic Machine Operator to microfilm the notification of sale.

In addition, DVSB anticipates that this will generate an additional 42,793 applications for title a year because the seller will notify DOR, when DOR was unaware of these transactions previously. This will require an additional 2 Revenue Licensing Technician I's.

With the addition of 20 FTE, DVSB will also require:

- 1 Revenue Section Supervisor
- 1 Revenue Licensing Unit Supervisor (Asst. Supervisor)

DVSB will also incur costs for forms changes to the title to include the tear-off portion for the seller to mail to DOR, letters to citizens, communication to all dealers, lienholders and the public to make them aware of the new statute requirements, envelopes, postage and plates and tabs for the 42,793 anticipated to currently not have valid vehicle registrations today.

Information Technology Bureau (ITB)

This proposal requires programming modifications to DOR's vehicle lien file and General Registration System (GRS), the Internet record look-up system to reflect the transfer information. ITB will require 275 hours of programming for 1 Computer Information Technician Supervisor, 5,504 total hours for 2 Computer Information Technologist Specialist III's (2,752 hours per specialist) and 80 hours of programming for 1 Information Support Coordinator. ITB's total cost for programming = \$174,295 for FY05.

VL:LR:OD (12/02)

ASSUMPTION (continued)

Division of Taxation

If an individual fails to register and pay sales tax for a vehicle, the Division of Taxation reviews documents received from DVSB and assesses sales tax based on those documents. It is estimated that DVSB will send approximately 122,247 notices to the Division of Taxation because the citizen failed to apply for title and pay sales/use tax on purchase of a motor vehicles. If the Division of Taxation will need 1.36 Tax Collection Techs to process 122,247 site codes to generate the delinquency notice and the associated cost for those FTE. (1 Tax Collection Tech can process 7,500 site codes a month or 90,000 a year)

Division of Taxation will require 5.32 Tax Collection Techs for phone calls on delinquent notices and the associated costs for those FTE. This is based on 50% of 122,247 resulting in phone calls. This will generate 61,124 phone calls a year. (1 Tax Collection Tech can handle 11,500 phone calls a year).

Division of Taxation will also require 2 Tax Processing Techs to process correspondence generated due to this notification and the associated costs for those FTE. This is based on a 20% correspondence inquiry rate.

ASSUMPTION (continued)

Revenue Impact:

When the buyer of the vehicle has not made application for title within 60 days, a notice will be sent to the buyer explaining the requirement to apply for a title. DVSB anticipates 122,247 notices will be sent; however, some of those DOR is already aware through the notice of lien process. DVSB anticipates that there will be 57,057 that DOR is not aware of through the notice of lien process. Based on the current 75% collection success rate for delinquent transactions it is anticipated that DOR will collect the following additional revenues.

	% of Response to Delinquent fee letter Accounts	Est. Avg. Amt.	
Sales Tax (47%)	20,113	\$454	\$9,131,232
Use Tax (53%)	22,680	\$125	\$2,835,055
Local Tax	42,793	Est. 1.5% local rate	\$4,248,386
Title Fee*	42,793	\$8.50	\$363,741
Processing Fee*	42,793	\$6.00	\$256,758
License Fee*	42,793	\$28.05	\$1,200,344
Railroad Grade Crossing Fee	42,793	\$0.25	\$10,698

Note: The "average" license fee is approximate, and is based on passenger and truck license fees from MTAS FY03.

*\$1,820,842 as indicated above would be collected for titling, registration and processing of motor vehicle transactions; therefore, would be distributed as follows:

Title Fee/Processing
 Fee/ License Fee

\$1,820,842	FY06	FY07	FY08
Highway	\$1,365,632	\$1,365,632	\$1,365,632
City	\$273,126	\$273,126	\$273,126
County	\$182,084	\$182,084	\$182,084

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE			
<u>Income - Department of Revenue</u>			
MV Sales Tax	<u>\$3,241,858</u>	<u>\$3,241,858</u>	<u>\$3,241,858</u>
NET ESTIMATED IMPACT ON GENERAL REVENUE	<u>\$3,241,858</u>	<u>\$3,241,858</u>	<u>\$3,241,858</u>
HIGHWAY FUND			
<u>Cost - Department of Revenue</u>			
Salaries	(\$768,713)	(\$731,134)	(\$749,412)
Fringe Benefits	(\$246,089)	(\$302,689)	(\$310,257)
Equipment and Expense	<u>(\$727,462)</u>	<u>(\$70,196)</u>	<u>(\$72,302)</u>
Total	<u>(\$1,742,264)</u>	<u>(\$1,104,019)</u>	<u>(\$1,131,971)</u>
<u>Income - Department of Revenue</u>			
Sales Tax	\$3,252,664	\$3,252,664	\$3,252,664
Use Tax	\$2,516,321	\$2,516,321	\$2,516,321
Titling & Processing Fees & Registration Fees	<u>\$1,365,632</u>	<u>\$1,365,632</u>	<u>\$1,365,632</u>
Total	<u>\$7,134,617</u>	<u>\$7,134,617</u>	<u>\$7,134,617</u>
NET ESTIMATED EFFECT ON HIGHWAY FUND	<u>\$5,392,353</u>	<u>\$6,030,598</u>	<u>\$6,002,646</u>
<u>FISCAL IMPACT - Federal Funds</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
FEDERAL FUNDS			
RR Grade Crossing Fee	\$10,698	\$0	\$0
Conservation Tax	\$354,032	\$354,032	\$354,032
State Parks Fund	\$141,613	\$141,613	\$141,613
Parks/Soil Fund	<u>\$141,613</u>	<u>\$141,613</u>	<u>\$141,613</u>
NET ESTIMATED EFFECT ON FEDERAL FUNDS	<u>\$647,956</u>	<u>\$637,258</u>	<u>\$637,258</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
LOCAL FUNDS			
Cities tax from Motor Vehicle Sales	\$3,581,282	\$3,581,282	\$3,581,282
Counties tax from Motor Vehicle Sales	\$1,915,479	\$1,915,479	\$1,915,479
Cities MV Registration Fees	\$273,126	\$273,126	\$273,126
Counties MV Registration Fees	<u>\$182,084</u>	<u>\$182,084</u>	<u>\$182,084</u>
NET ESTIMATED EFFECT ON LOCAL FUNDS	<u>\$5,951,971</u>	<u>\$5,951,971</u>	<u>\$5,951,971</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act establishes a transfer notice procedure when one person sells or transfers an interest in a motor vehicle to another person. Under the terms of the act, the transferor must notify the Department of Revenue within 10 days of transferring the motor vehicle. The Department of Revenue will determine the notice's form. A new motor vehicle franchise dealer is exempt from this requirement. The notice required by this act does not constitute an assignment or release of any interest in the vehicle.

Once the Department of Revenue receives the transfer notice, it shall make a notation in its records that the motor vehicle has been transferred. Until a new title is issued for the transferred motor vehicle, whenever the Department is asked to provide the name of the owner of the motor vehicle as show in its records, the Department shall provide the transferor's name and indicate that the records show a notification of transfer but do not show a title transfer. The Department shall also provide the name of the transferee if available. If the Department does not receive a title application from the named transferee within 60 days of receiving the transfer notice, the Department shall notify the transferee to apply for title. A person will be guilty of a Class C misdemeanor if he knowingly submits false information on the transfer notice (sections 301.196-301.198). These provisions are similar to ones contained in SS/SCS/HCS/HB 600 (2003). The provisions are modeled after provisions contained in Oregon law. These provisions will not go into effect until January 1, 2005.

VL:LR:OD (12/02)

DESCRIPTION (continued)

This act provides that tow trucks requested by law enforcement shall be considered an emergency vehicle after arriving at the scene of an accident. Tow trucks shall only be considered emergency vehicles after arriving and when working the scene at the direction and supervision of law enforcement.

This act provides that towing companies performing tows pursuant to Section 304.155 (law enforcement requested tows) and Section 304.157 (nonconsensual private property tows) shall meet the following requirements:

- (1) Have a verifiable commercial address or storefront;
- (2) Have a fenced, secure and lighted storage lot or an enclosed, secure building for the storage of vehicles;
- (3) Be available 24 hours a day, 7 days a week;
- (4) Maintain an insurance policy or other form of security in the amount of \$1,000,000 per incident;
- (5) Provide worker's compensation on all of its employees, if required to do so by law; and
- (6) Maintain current motor vehicle registrations on all the tow trucks within the towing company's fleet.

The act allows municipalities to adopt ordinances with respect to towing company standards in addition to these minimum standards.

This act modifies the current criminal statute on abandoning a motor vehicle. Under this act, the last owner of record of a motor vehicle shall be deemed prima facie to have been the owner of the motor vehicle at the time of abandonment. The last owner of record shall not be deemed to have been the owner of the motor vehicle or to have been the person who abandoned the vehicle if the person has filed notice with the Department of Revenue pursuant to Section 301.196 that the person's interest in the motor vehicle has been transferred. The registered owner shall not be subject to the penalties of the statute if the motor vehicle was in the care, custody, or control of another person at the time of the violation. The owner can submit an affidavit naming the other person who was in control of the car. The affidavit shall raise a rebuttable presumption that the named person in the affidavit was in control of the vehicle. The court can then terminate the prosecution. If the vehicle is alleged to have been stolen, the owner shall submit a police report.

DESCRIPTION (continued)

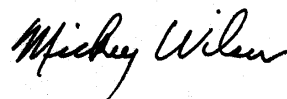
Any person convicted of abandoning a motor vehicle shall be liable for all towing and storage charges and such liability shall remain even if the motor vehicle is sold pursuant a towing lien.

This act authorizes a law enforcement officer to remove abandoned property abandoned on the right-of-way of an interstate highway which is left unattended for two hours, instead of 10 hours, if the law enforcement officer determines that the abandoned property to be a serious hazard to other motorists. The act also authorizes a law enforcement officer to remove abandoned property abandoned on the right-of-way of an interstate highway outside of an urbanized area which is left unattended for two hours, instead of 48 hours, if the law enforcement officer determines that the abandoned property to be a serious hazard to other motorists.

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 Transportation
Department of Public Safety



Mickey Wilson, CPA
Director
January 22, 2004