

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4353-01
Bill No.: SB 851
Subject: Transportation; Motor Vehicles; Revenue Department; Licenses - Motor Vehicle
Type: Original
Date: January 30, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Highway Funds	(Less than \$15,000)	(Less than \$15,000)	(Less than \$15,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(LESS THAN \$15,000)	(LESS THAN \$15,000)	(LESS THAN \$15,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	(Less than \$5,000)	(Less than \$5,000)	(Less than \$5,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation, Department of Public Safety - Office of the Director** and the **Missouri Highway Patrol** each assume the bill will not fiscally impact their respective agencies.

Officials from the **Department of Revenue (DOR)** state as a result of this proposal, towers will be able to sell vehicles for parts (excluding major component parts) or scrap on a bill of sale prescribed by the director after giving 10 days notice by certified mail to the last owner and lienholder of record if the recipient fails to make arrangements for towing and storage and doesn't request a hearing as provided in 304.156. No junking certificate can be issued on these vehicles.

DOR assumes the proposal will directly affect Total State Revenues since there will be a decrease in title and processing fees because towers will no longer be required to submit an application for title on vehicles that qualify under 304.155(12). DOR estimates this loss in revenue would be less than \$20,000 per year and would be broken out between state Highway Funds (75%) and cities and counties (25%). DOR stated for FY 2005, 66,899 salvage titles were issued.

ASSUMPTION (continued)

Administratively, DOR assumes they will be required to prescribe the bill of sale form, revise policies, procedures, towing manual and will need to notify the tow companies regarding this new law. The costs incurred for notifying the towers will be absorbed.

Oversight will assume a 'less than \$20,000' loss in title fee revenue resulting from this proposal, as estimated by DOR, would be broken out as 'less than \$15,000' (\$20,000 x 75%) for state highway funds and 'less than \$5,000' (\$20,000 x 25%) for cities and counties.

This proposal could reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
HIGHWAY FUNDS			
<u>Loss</u> - to Department of Revenue from salvage titles	(Less than <u>\$15,000</u>)	(Less than <u>\$15,000</u>)	(Less than <u>\$15,000</u>)
ESTIMATED NET EFFECT TO HIGHWAY FUNDS	(LESS THAN <u>\$15,000</u>)	(LESS THAN <u>\$15,000</u>)	(LESS THAN <u>\$15,000</u>)

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
CITIES AND COUNTIES			
<u>Loss</u> - from reduction in salvage title fees	(Less than <u>\$5,000</u>)	(Less than <u>\$5,000</u>)	(Less than <u>\$5,000</u>)
ESTIMATED NET EFFECT TO CITIES AND COUNTIES	(LESS THAN <u>\$5,000</u>)	(LESS THAN <u>\$5,000</u>)	(LESS THAN <u>\$5,000</u>)

FISCAL IMPACT - Small Business

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

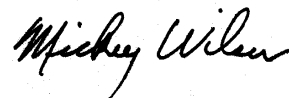
DESCRIPTION

This proposal provides that a tow company may sell an abandoned vehicle for parts, excluding major component parts or scrap metal, after the property remains unredeemed after a ten-day notification period to the vehicle's owner. The notification form must state that if the property remains unredeemed with no satisfactory arrangements made for continued storage, and the owner or security holder have not requested a hearing, the tow company may dispose of the property after the 10-day notice period by selling the property on a bill of sale. The current law provides for a 30-day notice period. The scrap metal operators or salvage dealers shall not be issued junking certificates or certificates of ownership. The act requires registered owners to present a copy of their most recent validated registration form or a valid license in order to have property released.

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 30, 2006