

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0319-14  
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SCS for SB 82  
Subject: Motor Vehicles: Revenue Department; Insurance - Automobile  
Type: Original  
Date: June 6, 2007

---

Bill Summary: Modifies several provisions of law relating to motor vehicles.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$1,393)	(\$1,393)	(\$1,393)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$1,393)</b>	<b>(\$1,393)</b>	<b>(\$1,393)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Highway Fund	(Less than \$197,938)	(Less than \$197,938)	(Less than \$197,938)
Motor Vehicle Commission Fund	(\$4,527)	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Less than \$202,465)</b>	<b>(Less than \$197,938)</b>	<b>(Less than \$197,938)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 14 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>(\$1,838)</b>	<b>(\$1,838)</b>	<b>(\$1,838)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Public Safety - Office of the Director** and **Missouri State Highway Patrol** state there is no fiscal impact to their agencies.

Officials from the **Department of Revenue (DOR)** will be required to revise policies, procedures, and forms and in addition, must notify dealers, lien holders, salvage dealers, and insurance companies regarding this legislation. DOR will incur \$4,527 in paper and printing costs.

#### §301.010 (26) & (27)

This part of the section expands the area in which local log trucks and local log truck tractors can operate.

Officials at the **Missouri Department of Transportation (MoDOT)** assume this proposal expands the area in which local log trucks may operate from no more than a 50 mile radius from a forested site to no more than a 100 mile radius from such sites. An extension of this zone from 50 miles to 100 miles with increased weights and axle loads will lead to additional deterioration of bridges and presents increased safety concerns.

The proposed definition change for “Local log truck” and “Local log truck tractor” appears to allow these vehicles to bypass current overweight permitting process and allows heavier than normal legal loads that do not meet the customary limits of RSMo 304.180 to travel state highways within the current fifty mile radius. Potentially, expanding this area to one hundred miles could lead to additional damage and/or increased risk of unexpected collapse of existing bridges. Also, additional “wear and tear” on structures due to these overweight vehicles, where capacity of the individual bridge is not checked through the permit process, will likely shorten the life of bridges in the state system and increase bridge maintenance needs.

MoDOT is unable to estimate the fiscal impact to the state road fund at this time. The cost likely would run in the millions of dollars for additional bridge replacements, increased bridge maintenance costs, re-rating analysis of these bridges, and installation of new posting signs.

Officials from the **City of Centralia, St. Louis County**, and the **City of Kansas City** each assume that there is no fiscal impact from this section of the proposal.

ASSUMPTION (continued)

**Oversight** assumes that there is no direct fiscal impact from the implementation of this proposal on MoDOT or cities or counties. Road and bridge repair and replacement costs are figured into the on-going maintenance costs already performed by MoDOT, cities, and counties.

§301.010 (51); 301.020; 301.190; 301.196; 301.200; 301.218; 301.221; 201.225 301.227 -  
SALVAGE MOTOR VEHICLES

These sections modify provisions relating to salvage motor vehicles.

Officials from the **Department of Transportation, Department of Public Safety - Office of the Director and Missouri State Highway Patrol**, and the **Department of Insurance, Finance, and Professional Regulation** state this portion of the proposal will have no fiscal impact on their respective agencies.

§301.010 (51)

DOR officials state there will be an unknown decrease in revenue because the definition of salvage vehicle is being revised to exclude hail-damaged vehicles, which will result in a reduction in the number of salvage titles issued.

A search of the GRS file indicates there are currently 49,316 salvage title records on file with a purchase date during calendar year 2006. Applying the proposed salvage vehicle definition to these vehicles would reduce this number to only 19,372 vehicles (61% reduction) actually requiring a salvage title (this does not take into account the change in the percentage of damage from 75% to 80%). Accordingly, there will be:

1. An unknown decrease in the amount of salvage title fees (\$8.50 + \$2.50 processing fees), as rebuilders who purchase these vehicles from individuals will not have to obtain salvage titles before rebuilding. Individuals who retain ownership of their salvaged vehicle will no longer need to retitle the vehicle because it will no longer be deemed "salvaged" by the insurance company in most cases. Insurance companies who acquire the vehicle due to a total loss claim will obtain original titles instead of salvage so there will be no revenue loss for those transactions.
2. Unknown decrease in DOR 551 forms purchased (at \$25 each) to convert a title from salvage to original since the salvage title won't be required in many cases.
3. A potential reduction in revenue from sales tax on parts used to rebuild a vehicle.

LMD:LR:OD (12/02)

ASSUMPTION (continued)

Currently, to convert a salvage title to an original title, the applicant must obtain a 551 form and submit proof of purchase for all parts used. Often times, taxes haven't been paid on the parts and are paid at the time application for title is made. Under this proposal, there will be fewer salvage titles obtained so the vehicles can be sold on original titles without presenting any parts receipts.

**Oversight** assumes, based in information from DOR, salvage titles issued for vehicles no more than six years after the manufacturer's model year designation were as follows:

2005	22,639	x	\$8.50 =	\$192,432
2004	25,572	x	\$8.50 =	\$217,362
2003	25,342	x	\$8.50 =	\$214,407

**Oversight** assumes that even if fifty percent of the salvage titles had been due to hail damage, eliminating hail damaged vehicles as being eligible for a salvage title could decrease the number of salvage titles issued but general revenue losses should not exceed \$100,000 in any given year since 75% of the income goes to general revenue and 25% goes to cities and counties.

§301.030 - IN TRANSIT TAGS/NON RESIDENT TEMPORARY PERMITS

Depending on which plates are made without weight/zone designations, there would be unknown inventory savings from not having to stock each office with all the various plate types as they could stock/issue a generic plate and still charge the appropriate fees based on weight/zone.

§301.218 - ELIMINATION OF SALVAGE ID CARDS

Officials from the Department of Revenue state there will be a decrease in revenue of \$7,350 each year due to DOR no longer issuing non-resident salvage ID cards. In FY 06, DOR issued 294 ID cards and collected \$7,350.

§301.130 - REISSUANCE OF LICENSE PLATES

This provision allows DOR to begin reissuance of license plates prior to January 1, 2009.

DOR officials assume this proposal will have no fiscal impact on their agency. This is simply clarifying language, allowing DOR to begin reissuance prior to the January 1, 2009 start date if all systems are in place.

Officials from the **Department of Corrections - Missouri Vocational Enterprises** did not

ASSUMPTION (continued)

respond to a request for fiscal note. **Oversight** assumes no fiscal impact since the budgeting for new license plates should already be in process.

§301.444 - FIREFIGHTER LICENSE PLATES

Officials from the **Department of Revenue** and **Department of Public Safety - Fire Safety** state this section will have no fiscal impact on their respective agencies.

§301.560 - DEALER APPLICATION REQUIREMENTS

§301.560.1 (3)

This section states that evidence of current dealer garage insurance must be produced.

Officials from the **Department of Insurance, Finance, and Professional Regulation** state this will have no fiscal impact on their agency.

§301.560.6 - ISSUANCE OF DEALER PLATES

DOR states they will see savings from ordering fewer dealer plates (\$55,573 - Highway Fund) and boat dealer certificates of number (\$6,734 - General Revenue) due to the limitation on plates issued to dealers.

DOR assumes there will be a decrease in revenue each year due to the following:

3,050 motor vehicle dealers will need to purchase 13,076 fewer plates due to basing plate quantities on sales (this excludes dealers who made fewer than 6 sales per year), resulting in a decrease in revenue of \$137,298 to the Highway Fund.

144 boat dealers will need to purchase 744 fewer certificates of number due to basing certificate quantities on sales. resulting in a decrease in revenue of \$8,127 to General Revenue.

Revenue projections are based on a January 1, 2008 effective date. However, since dealer plate fees for calendar year 2008 are collected in the last quarter of calendar year 2007, this revenue impact is also included.

ASSUMPTION (continued)

The NET DECREASE in revenue each year for dealer plates is as follows:

Highway Fund (motor vehicle dealer plates)	(\$81,725)
General Revenue Fund (boat dealer plates)	(\$ 1,393)

It is unknown as to how many "RV" dealers the department licenses so DOR was unable to calculate the revenue/plate cost impact for these dealers.

§301.569 - OUT-OF-STATE RV DEALERS

This section enacts provisions relating to out-of-state show promoters of recreation vehicles.

Officials from the **Department of Revenue** and the **Public Service Commission** stated this proposal would have no fiscal impact on their respective agencies.

§301.640 - RELEASE OF LIENS

Officials from the **Department of Revenue** and **Department of Insurance, Finance, and Professional Regulation** state this section of the proposal would have no fiscal impact on their respective agencies.

§302.302 - TOW TRUCK VIOLATIONS

This section provides for an assessment of four points for violating a Kansas City ordinance that prohibits tow truck operators from stopping at the scene of an accident unless specifically requested.

Officials from the **Department of Public Safety-Missouri State Highway Patrol** state this proposed legislation will have no impact on their agency.

Officials from DOR state this proposal will have no fiscal impact on their agency. DOR states that officials from the **Office of Administration Information Technology (ITSD DOR)** estimate that this legislation could be implemented utilizing existing resources.

Officials from the **City of Kansas City** assume no fiscal impact resulting from this proposal.

ASSUMPTION (continued)

§302.720 - CDL TEST WAIVER FOR MILITARY APPLICANTS

Officials from the **Department of Public Safety - Office of the Director, Missouri State Highway Patrol, and Missouri Veteran's Commission** state this proposal will have no fiscal impact on their agencies.

Officials from DOR state the Driver License Bureau will complete end-user testing for this project and costs will be absorbed with current personnel. Procedures and the Commercial Driver License manual will need to be revised to reflect the law change.

**Oversight** assumes that with a \$25 fee for the driving skills test, 75% (\$18.50 per test) is distributed to the Highway Fund. If there are no more than 5,400 qualified military applicants per year are getting waivers of the driving skills test, the fiscal impact would be less than \$100,000 per year. Military applicants must certify, among other things, that the applicant was regularly employed in a job requiring operation of a commercial motor vehicle and has at least operated the vehicle for sixty days during the two years immediately preceding application for a commercial driver license. **Oversight** assumes the total loss over the three year fiscal note scope could exceed \$100,000.

§304.022 - EMERGENCY VEHICLES

This section adds vehicles driven by conservation agents to the list of vehicles considered "emergency vehicles."

Officials at the **Missouri Highway Patrol, Department of Conservation, and Missouri Department of Transportation** each assume that there is no fiscal impact from this proposal.

§304.170 - VEHICLE SIZE REQUIREMENTS

This section increases the maximum length for drive away saddle mount combinations from 75 feet to 97 feet. It also increases the maximum width of vehicles on highways from 96 inches to 102 inches. Implements of husbandry are no longer limited to a single trip per day from the source of supply to a single farm.

Officials from the **Missouri Department of Transportation (MoDOT) and Department of Revenue** assume the proposal will have no fiscal impact on their organizations.

MoDOT notes that this section of the proposal is federally mandated under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) enacted August 10, 2005, as public law 109-59. Section 4141 of SAFETEA-LU amended 49 United States Code (U.S.C.) Section 31111(b)(1) by adding paragraph (D) which prohibits states from prescribing or enforcing a regulation that imposes a vehicle length limitation of not less than or more than 97 feet on a drive away saddle mount with full mount vehicle transporter combinations.

§407.730; 407.732 - FEE DISCLOSURES ON RENTALS

Officials from the **Office of State Courts Administrator** and **Office of Secretary of State** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

§407.815 - DEFINITION OF MOTOR VEHICLE

This section modifies the definition of "motor vehicle" contained in the Motor Vehicle Franchise Practices Act to include certain types of engines, transmissions, and rear axles.

Officials from the **Office of State Courts Administrator** state this proposal has no fiscal impact on the Courts.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate that this legislation will not significantly alter its caseload; however, if other similar bills also pass, there will be fiscal impact. If there are more cases, or more complex cases, there could be a fiscal impact.

Officials from the **Department of Revenue** and the **Department of Transportation** state this section of the proposal will have no fiscal impact on their respective agencies.

§301.170 & 301.177 - IN TRANSIT TAGS/TEMPORARY PERMITS (REPEAL)

Officials from DOR stated their department issued 16,660 in transit permits (\$.05 each) and 948 non-resident permits (\$10 each) in FY'06, which will result in a loss of \$10,700 to the highway fund each year (Applicants will purchase temporary permits in lieu of non-resident permits at a fee of \$7.50 instead of \$10, making the net loss \$2.50 each).

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE</b>			
<u>Loss</u> - DOR - Fewer boat certificates of number issued based on quantities of sale (§301.560.6)	<u>(\$1,393)</u>	<u>(\$1,393)</u>	<u>(\$1,393)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$1,393)</u></b>	<b><u>(\$1,393)</u></b>	<b><u>(\$1,393)</u></b>
<b>MOTOR VEHICLE COMMISSION</b>			
<u>Cost</u> - DOR - Dealer notification	<u>(\$4,527)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON MOTOR VEHICLE COMMISSION</b>	<b><u>(\$4,527)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>HIGHWAY FUND</b>			
<u>Savings</u> - DOR - Inventory savings due to generic plates (§301.030)	Less than \$100,000	Less than \$100,000	Less than \$100,000
<u>Loss</u> - DOR - Revenue from decrease in salvage title fees (§301.010 (51))	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<u>Loss</u> - DOR - Elimination of in-transit permits and non-resident permits (§301.170 & 310.177)	(\$10,700)	(\$10,700)	(\$10,700)
<u>Loss</u> - DOR - Fee Revenue due to elimination of salvage ID cards (§301.218)	(\$5,513)	(\$5,513)	(\$5,513)
<u>Loss</u> - DOR - Fee Revenue for CDL driving skills tests (§302.720)	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<u>Loss</u> - DOR - Fewer motor vehicle dealer plates issued due to quantities of sales (§301.560.6)	<u>(\$81,725)</u>	<u>(\$81,725)</u>	<u>(\$81,725)</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>(Less than \$197,938)</u></b>	<b><u>(Less than \$197,938)</u></b>	<b><u>(Less than \$197,938)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>POLITICAL SUBDIVISIONS</b>			
<u>Loss</u> - Cities and Counties - Fee Revenue due to elimination of salvage ID cards (§301.218)	(\$1,838)	(\$1,838)	(\$1,838)
<b>ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS</b>	<b><u>(\$1,838)</u></b>	<b><u>(\$1,838)</u></b>	<b><u>(\$1,838)</u></b>

FISCAL IMPACT - Small Business

Fewer vehicles will be declared salvage which will impact the rebuilt vehicle industry. The value of these vehicles will increase since they will no longer be titled as salvage and consequently no longer branded "Prior Salvage" This proposal may have an administrative impact on small business rental car companies.

FISCAL DESCRIPTION

§301.010 (51) - SALVAGE VEHICLES

Revises the definition of salvage vehicle to one that has been damaged during a year that is no more than six years after the vehicle's model year and raises the damage limit from 75% to 80% of the fair market value of the vehicle immediately preceding the time it was damaged. Hail damage is excluded from the damage calculations.

§301.030 - MARKINGS OF LICENSE PLATE

Provides that local commercial motor vehicle plates "may" be stamped to indicate they are local plates and commercial motor vehicle plates "may" contain the licensed gross weight on the plate;

§301.218 - SALVAGE ID CARDS

This section eliminates the requirement to obtain a salvage ID card or non-resident ID card in order to buy at salvage pools or disposal sales.

DESCRIPTION (continued)

§301.560.6 - DEALER APPLICATION REQUIREMENTS

DOR shall issue to new motor vehicle manufacturers and other dealers one distinctive dealer plate and may issue two additional number plates. The fee for the each additional number plate is \$10.50.

The number of additional plates a new motor vehicle manufacturer may hold will be limited to no more than 347. New applicants must estimate their first year sales for purposes of determining the quantity of additional plates they must purchase. New and used dealers are limited to one additional plate or certificate of number per 10-unit transactions annually.

§302.720 - COMMERCIAL DRIVER'S LICENSE TESTS

The Director of the Department of Revenue would have the authority to waive the driving skills test for any qualified military applicant for a commercial driver license who is currently licensed at the time of application for a commercial driver's license.

The provisions in Section 301.560 regarding the number of additional plates a new motor vehicle manufacturer may hold become effective January 1, 2008.

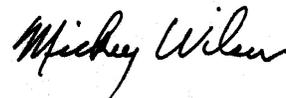
This legislation is not federally mandated (with the exception of §304.170), would not duplicate any other program, and would not require additional capital improvements or rental space.

§301.170 & 301.177 - IN TRANSIT TAGS/TEMPORARY PERMITS (REPEAL)

This proposal repeals the provision which required dealers to use "In Transit" tags when moving motor vehicles from one dealer to another or from the manufacturer. It also repeals the provision that required the issuance of temporary permits to nonresidents.

SOURCES OF INFORMATION

Department of Revenue  
Department of Insurance, Finance, and Professional Regulation  
Office of State Courts Administrator  
Department of Public Safety  
    Office of the Director  
    Missouri State Highway Patrol  
    Fire Safety  
Department of Transportation  
Office of Administration  
    Administrative Hearing Commission  
Department of Conservation  
Department of Insurance, Finance, and Professional Regulation  
Cities  
    Centralia  
    Kansas City  
Counties  
    St Louis



Mickey Wilson, CPA  
Director  
June 6, 2007