

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1572-01  
Bill No.: SB 335  
Subject: Motor Vehicles; Revenue Department; Licenses - Professional; Consumer Protection; Highway Patrol  
Type: Original  
Date: February 23, 2007

Bill Summary: Revises various laws regarding the registration, licensure, and sale of 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	(\$66,067 to \$76,067)	(\$66,067 to \$76,067)	(\$66,067 to \$76,067)
Motor Vehicle Commission	(Unknown - Could exceed \$291,250)	(Unknown - Could exceed \$291,250)	(Unknown - Could exceed \$291,250)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Unknown - Up to \$367,317)</b>	<b>(Unknown - Up to \$367,317)</b>	<b>(Unknown - Up to \$367,317)</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 7 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>\$5,513</b>	<b>\$5,513</b>	<b>\$5,513</b>

## FISCAL ANALYSIS

### ASSUMPTION

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

Officials from the **Department of Revenue (DOR)** state they will see savings from ordering fewer dealer plates (\$55,573 - Highway Fund) and boat dealer certificates of number (\$6,734 - General Revenue). (*§301.560*)

DOR will incur \$1,739 in paper costs to notify all dealers of the dealer licensure/plate related issues, sales contract issues, etc., at the time renewal instructions are sent out (no envelope or postage cost is required). **Oversight** assumes this cost can be absorbed with existing resources.

According to DOR, there is a potential unknown decrease in revenue each year due to:

- \* Eliminating the non-resident permit and in-transit permit. (*§301.170 & §301.177*)
- \* An unknown number of dealers will no longer qualify for licensure due to more stringent building requirements (must be commercial building) resulting in corresponding revenue decrease. (*§301.560*)
- \* An unknown number of dealers (up to 1,275) who will not meet the proposed increase from 6 to 12 sales per year minimum. (*§301.550*)

DOR assumes the discontinuance of the permit books will result in a loss of no more than \$10,000 per year.

**Oversight** assumes that if the renewal license fee for dealers is \$150 a year, the loss to the Motor Vehicle Commission could be up to \$191,250.

DOR states a known decrease in revenue each year is attributed to:

- \* Basing plate quantities on sales - (\$137,998) to Highway Fund (*§301.560*)
- \* Basing certificate quantities on sales - (\$8,127) to General Revenue (*§301.560*)

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing existing resources of 1 existing CIT I for 2 months at a rate of \$4,546 and 2 existing CIT III's for 2 months at a rate of \$4,186. However, if priorities

ASSUMPTION (continued)

shift and additional FTE/overtime would be needed to implement, the cost will be approximately \$25,836. They plan to use existing resources to implement this legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE</b>			
<u>Savings</u> - DOR - Fewer boat dealer certificates ordered (§310.560)	\$6,734	\$6,734	\$6,734
<u>Cost</u> - DOR - Decrease due to fewer boat certificates issued (§301.560)	<u>(\$8,127)</u>	<u>(\$8,127)</u>	<u>(\$8,127)</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>HIGHWAY FUND</b>			
<u>Income</u> - Out of state salvage dealer ID fees (§301.218)	\$16,358	\$16,358	\$16,358
<u>Savings</u> - Fewer dealer plates ordered (§301.560)	\$55,573	\$55,573	\$55,573
<u>Cost</u> - Fewer dealer plates issued (§301.560)	(\$137,998)	(\$137,998)	(\$137,998)
<u>Loss</u> - Loss of income from sale of permit books to dealers (§301.170 & §310.177)	(Not expected to Exceed <u>\$10,000</u> )	(Not expected to Exceed <u>\$10,000</u> )	(Not expected to Exceed <u>\$10,000</u> )
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>(\$66,067 to \$76,067)</u></b>	<b><u>(\$66,067 to \$76,067)</u></b>	<b><u>(\$66,067 to \$76,067)</u></b>
<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010

**MOTOR VEHICLE COMMISSION**

<u>Loss</u> - Renewal fees due to no longer being eligible as a dealer (§301.550)	(Unknown - Up to \$191,250)	(Unknown - Up to \$191,250)	(Unknown - Up to \$191,250)
<u>Loss</u> - Renewal fees - dealer no longer being eligible due to building requirements (§301.560)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)

**ESTIMATED NET EFFECT ON MOTOR VEHICLE COMMISSION**

<u>(Unknown - Could exceed \$291,250)</u>	<u>(Unknown - Could exceed \$291,250)</u>	<u>(Unknown - Could exceed \$291,250)</u>
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FISCAL IMPACT - Local Government

FY 2008 (10 Mo.)	FY 2009	FY 2010
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**POLITICAL SUBDIVISIONS**

<u>Income</u> - Out of state salvage dealer ID fees (§301.218)	<u>\$5,513</u>	<u>\$5,513</u>	<u>\$5,513</u>
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**NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS**

<u>\$5,513</u>	<u>\$5,513</u>	<u>\$5,513</u>
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FISCAL IMPACT - Small Business

Small businesses could have a fiscal impact. Certain current dealers will not meet requirements to be licensed as a dealer. Other dealers may incur costs for signs and surety bond increases.

FISCAL DESCRIPTION

This proposal changes the laws regarding the registration, licensure, and sale of motor vehicles.

IN TRANSIT PLACARDS - §301.170

The provision which requires dealers to use an "In Transit" placard when moving a motor vehicle from one dealer to another or from the manufacturer is repealed.

TEMPORARY PERMITS - §301.177

The provision which requires the issuance of temporary permits to nonresidents is repealed.

SALVAGE POOL OR SALVAGE DISPOSAL SALES - §301.218

The fee imposed on out-of-state prospective purchasers at salvage disposal sales is increased from \$25 to \$100.

MOTOR VEHICLE DEALERS - §301.550

The bill revises the definition of "motor vehicle dealer" by increasing from six or more to 12 or more motor vehicles sold in a calendar year to be eligible for licensure as a motor vehicle dealer. If a dealer fails to sell 12 vehicles, he or she is prohibited from renewing his or her license for one year. Similar requirements are established for trailer dealers. Any motor vehicle dealer licensed from August 28, 2007, through any time during the calendar year 2008 shall have until December 31, 2009, to cumulatively meet the minimum calendar year sales of twelve or more motor vehicles or trailers determined on a prorated basis of one sale per month.

BONA FIDE ESTABLISHED PLACES OF BUSINESS - §301.560

Used motor vehicle dealer applications are required to include an annual certification that the applicant has a bona fide established place of business for the first three years and only every other year thereafter. A bona fide established place of business for any motor vehicle dealer, boat dealer, wholesale motor vehicle dealer, trailer dealer, or wholesale or public auction, in addition to other current legal requirements, must be a permanent enclosed commercial, nonresidential building, which must display an exterior sign that is 12 inches in height.

APPLICATION REQUIREMENTS §301.560

The number of additional plates a new motor vehicle manufacturer may hold will be limited to  
DESCRIPTION (continued)

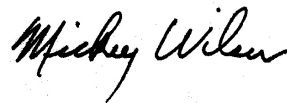
no more than 299. New and used dealers are limited to one additional plate or certificate of number per 10-unit transactions sold annually.

The provisions in Section 301.560 become effective January 1, 2008.

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  
Office of the Director  
Missouri State Highway Patrol



Mickey Wilson, CPA  
Director  
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