

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4966-03
Bill No.: SCS for HCS for HB 1150
Subject: Motor Vehicles; Transportation; Highway Patrol
Type: Original
Date: May 4, 2012

Bill Summary: This proposal allows owners of certain rebuilt salvage vehicles to obtain prior salvage motor vehicle titles without repairing or restoring such vehicles to their original appearance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Information Technology Fund	\$1,153	\$1,383	\$1,383
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,153	\$1,383	\$1,383

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

- 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** and **Department of Public Safety - Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Transportation** concur with Department of Revenue regarding any potential fiscal impact to their organization.

Section 301.190

" Provides that an owner presenting a motor vehicle which has been issued a salvage title and which is eleven years of age or older to a vehicle examination in order to obtain a certificate of ownership with the designation prior salvage motor vehicle, shall not be required to repair or restore the vehicle to its original appearance in order to pass or complete the vehicle examination.

Section 301.227.9

Department of Revenue states this section of the proposal would allow a scrap metal operator to acquire or purchase a motor vehicle or parts thereof without receiving the original certificate of title or salvage certificate of title or junking certificate from the seller of the vehicle or parts if the vehicle or parts are ten (10) years old or older. The scrap metal operator must verify with the Department, via the Department's online record access, that no lien or recorded security interest exists on such motor vehicle or parts. The scrap metal operator must submit a copy of the seller's state identification along with a bill of sale, designed by the Director, certifying that the motor vehicle is at least 10 model years old, is inoperable, is not subject to any recorded security interest or lien, and that the seller has the legal authority to sell or otherwise transfer the seller's interest in the motor vehicle or parts.

Upon receipt of this information the Department shall cancel any certificate of title and registration for the motor vehicle. If the motor vehicle is inoperable and at least 20 model years old, then the scrap metal operator shall not be required to verify the existence of liens with the Department.

The Department estimates procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,182 in FY13. The Department's web

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site will need to be updated. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$319 in FY13.

In summary, DOR assumes a cost of \$1,501 (\$1,182 + \$319) in FY 2013 to provide for the implementation of the changes in this proposal.

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.

Department records indicate that in FY11 there were 120,722 motor vehicles sold for destruction that were 10 years old or older.

Assuming that there will be a 30% increase in the number of vehicles sold to scrap metal operators due to this proposal, and assuming that the current number of vehicles sold with a certificate of title, salvage title, or junking certificate will not require a record lookup; there will be 36,217 additional online record lookups.

Currently, the charge for an online electronic record inquiry is \$0.0382 per record inquiry. Assuming 36,217 additional record inquiries, at \$0.0382 per inquiry, will result in an increase in revenue in the amount of \$1,153 in FY13, \$1,383 in FY14 and \$1,383 FY15 to the Information Technology Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
INFORMATION TECHNOLOGY FUND			
<u>Revenue - Record Inquiry charge</u>	<u>\$1,153</u>	<u>\$1,383</u>	<u>\$1,383</u>
ESTIMATED NET EFFECT FOR THE INFORMATION TECHNOLOGY FUND	<u>\$1,153</u>	<u>\$1,383</u>	<u>\$1,383</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would allow scrap metal operators to acquire some vehicles without a title, where currently, the scrap metal operator could not accept such vehicles.

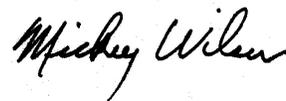
FISCAL DESCRIPTION

This proposal allows owners of certain rebuilt salvage vehicles to obtain prior salvage motor vehicle titles without repairing or restoring such vehicles to their original appearance.

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 Public Safety
Department of Transportation
Department of Insurance, Financial Institutions and Professional Registration



Mickey Wilson, CPA
Director
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