

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5036-02
Bill No.: SCS for SB 633
Subject: Motor Vehicles; Revenue Department
Type: Original
Date: March 19, 2012

Bill Summary: This proposal allows scrap metal operators to acquire vehicles or vehicle parts that are 10 years old or older without receiving the original certificates of title.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$15,543)	(\$19,118)	(\$19,596)
Total Estimated Net Effect on General Revenue Fund	(\$15,543)	(\$19,118)	(\$19,596)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Information Technology Fund	\$177,463	212,956\$1,383	212,956\$1,383
Total Estimated Net Effect on Other State Funds	\$177,463	\$212,956	\$212,956

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 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 **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Revenue (DOR) - Motor Vehicle Bureau** state procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,182. The Department's website will need to be updated. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$319 in FY13.

The Department assumes that by requiring a scrap metal dealer to verify with the Department that no liens exist on the motor vehicle means the scrap metal dealer would need to send a written request to the Department for the motor vehicle record. This will require additional FTE to process these record inquiries and send the results to the scrap metal dealer.

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

ASSUMPTION (continued)

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 record lookups that will need to be processed by the Department.

Additional staff will be needed to research the record presented in the correspondence and prepare a response. Based on current Department expectations, 1 FTE (Senior Office Support Assistant- Keyboarding) can research and prepare 80 record lookup correspondence responses per day. The Department will require 2 FTE's (Senior Office Support Assistant- Keyboarding), equipment, floor space, and expenses at a cost of \$76,987 in FY13, \$87,359 in FY14, and \$88,266 in FY15.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the personal service cost 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.

The 36,217 record lookups will result in additional costs for mailing the record request results to the scrap metal operators. The cost of \$15,543 in FY13, \$19,118 in FY14, and \$19,596 in FY15 for envelopes (\$0.040), forms (\$0.025), and postage (\$0.45).

Currently, applicants for a record inquiry are charged \$5.88 per record inquiry. Assuming 36,217 additional record inquiries, at \$5.88 per inquiry, will result in an increase in revenue in the amount of \$177,463 in FY13, \$212,956 in FY14 and FY15 to the Information Technology Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2013	FY 2014	FY 2015
	(10 Mo.)		
GENERAL REVENUE			
<u>Cost - Department of Revenue - mailing record request</u>	<u>(\$15,543)</u>	<u>(\$19,118)</u>	<u>(\$19,596)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$15,543)</u>	<u>(\$19,118)</u>	<u>(\$19,596)</u>

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<u>FISCAL IMPACT - State Government</u>	FY 2013	FY 2014	FY 2015
(continued)	(10 Mo.)		

**INFORMATION TECHNOLOGY
 FUND**

<u>Income</u> - Department of Revenue - record inquiry charge	<u>\$177,463</u>	<u>\$212,956</u>	<u>\$212,956</u>
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**ESTIMATED NET EFFECT ON
 INFORMATION TECHNOLOGY
 FUND**

<u>\$177,463</u>	<u>\$212,956</u>	<u>\$212,956</u>
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<u>FISCAL IMPACT - Local Government</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
	(10 Mo.)		
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

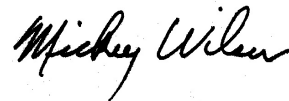
This proposal allows a scrap metal operator to purchase an inoperable motor vehicle that is at least 10 model years old without a title provided the scrap metal operator verifies with the Department of Revenue that no liens exist on the motor vehicle. The scrap metal operator must also submit a copy of the seller's state identification along with a bill of sale. The bill of sale, which must be designed by the director, shall certify that the motor vehicle is at least 10 model years old, is inoperable, and that the seller has the legal authority to sell the vehicle. Upon receipt of this information, the Department of Revenue shall cancel any certificate of title and registration for the motor vehicle. If the motor vehicle is at least 20 model years old, then the scrap metal operator does not have to verify whether liens exist on the motor vehicle.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue
Department of Insurance, Financial Institutions and Professional Registration
Department of Public Safety
Joint Committee on Administrative Rules
Office of the Secretary of State



Mickey Wilson, CPA
Director
March 19, 2012