

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5036-06
Bill No.: Perfected SS for SCS for SB 633
Subject: Motor Vehicles; Revenue Department
Type: Original
Date: March 21, 2012

Bill Summary: This proposal allows scrap metal operators to purchase older inoperable motor vehicles or vehicle parts from such vehicles without receiving a title under certain conditions.

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 **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assumed 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.

In response to a previous version, officials from the **Department of Revenue** stated the 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>Income</u> - Department of Revenue - record inquiry charge	<u>\$1,501</u>	<u>\$1,383</u>	<u>\$1,383</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$1,501</u>	<u>\$1,383</u>	<u>\$1,383</u>
 <u>FISCAL IMPACT - Local Government</u>	 <u>FY 2013</u> (10 Mo.)	 <u>FY 2014</u>	 <u>FY 2015</u>
	<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

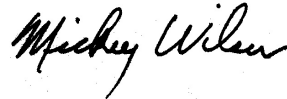
This proposal allows a scrap metal operator to purchase an inoperable motor vehicle that is at least 10 model years old without a title provided the scrap metal operator verifies with the Department of Revenue, via the department's online record access, that the motor vehicle is not subject to any recorded security interest or lien liens exist on the motor vehicle. The scrap metal operator must also forward a copy of the seller's state identification along with a bill of sale to the Department of Revenue. 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, is not subject to any recorded security interest or lien, 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 is not required to verify whether the motor vehicle is subject to any recorded security interests or liens.

FISCAL DESCRIPTION (continued)

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 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 21, 2012