

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0639-03
Bill No.: Truly Agreed To and Finally Passed HCS for SB 148
Subject: Motor Vehicles; Revenue Department; Insurance - General
Type: Original
Date: June 6, 2013

Bill Summary: This proposal changes the laws regarding salvage motor vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Highway Fund	Less than \$100,000	Less than \$100,000	Less than \$100,000
Blind Pension Fund	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown) to Less than \$100,000	(Unknown) to Less than \$100,000	(Unknown) to Less than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	(Unknown) to Less than \$100,000	(Unknown) to Less than \$100,000	(Unknown) to Less than \$100,000

FISCAL ANALYSIS

ASSUMPTION

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

§301.140

Officials from the **Department of Revenue (DOR)** state this section allows an individual who purchases a salvage vehicle to title such vehicle, obtain a safety inspection and then purchase a temporary permit for purposes of transporting a salvage vehicle to and from a Missouri State Highway Patrol inspection station.

The Department anticipates a slight increase in revenue received from those individuals purchasing such permits and a slight increase in cost to produce such permits. Any increase will be unknown to minimal. The revenue derived from the temporary permit is distributed as follows:

- 75% highways;
- 15% cities; and
- 10% counties.

Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY 14. 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 \$325 in FY 14.

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.

Since the number of individuals purchasing permits is unknown, Oversight will assume revenue to the highway fund, cities and counties of less than \$100,000.

ASSUMPTION (continued)

§301.642

Officials from the **Department of Revenue (DOR)** state this proposal may change the documents the Department will review when processing a salvage title or junking certificate transaction for an insurer which purchases a motor vehicle or trailer through the claims adjustment process. The Department will accept "proof of payment" to the lien holder(s), a copy of each letter of guarantee, and the title for such motor vehicle or trailer or a notarized lien release.

Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY 14. 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 \$325 in FY 14.

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.

§§ 137.090 and 137.095

In response to a similar proposal (HCS for SB 24), officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed this section of the proposal establishes a new method to determine the assessed valuation of certain tractors and trailers. This proposal will not have a direct impact on general revenues, but local revenues, including those for schools, could be reduced if subdivisions are unable to adjust their levies. This proposal could also reduce Blind Pension Fund revenues.

Oversight assumes this section of the proposal would reduce the assessed valuations of tractor trailers resulting in lower property tax bills for tractor trailer owners.

Oversight assumes an unknown reduction of revenues to local political subdivisions and the State Blind Pension Trust Fund as a result of owners of tractor trailers paying lower property taxes.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
HIGHWAY FUND			
<u>Revenue</u> - DOR §301.140 temporary permits	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>
ESTIMATED NET EFFECT TO THE HIGHWAY FUND	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>
BLIND PENSION TRUST FUND			
<u>Loss</u> - §§ 137.090 and 137.095 - New Valuation Method for Trailers	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE BLIND PENSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - Cities §301.140 - temporary permits	Less than \$100,000	Less than \$100,000	Less than \$100,000
<u>Revenue</u> - Counties §301.140 - temporary permits	Less than \$100,000	Less than \$100,000	Less than \$100,000
<u>Loss</u> - §§ 137.090 and 137.095 - Political Subdivisions and Local Schools - New Valuation Method for Trailers	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	(Unknown) to Less than <u>\$100,000</u>	(Unknown) to Less than <u>\$100,000</u>	(Unknown) to Less than <u>\$100,000</u>

FISCAL IMPACT - Small Business

Small businesses that own trailers used in interstate commerce could pay less in Missouri property taxes as a result of this proposal.

FISCAL DESCRIPTION

This proposal changes the laws regarding salvage motor vehicles.

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
Department of Labor and Industrial Relations
Office of Administration



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