

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0556-01
Bill No.: SB 172
Subject: Licenses - Motor Vehicle; Department of Revenue; Motor Vehicles
Type: Original
Date: January 31, 2017

Bill Summary: This proposal modifies titles that may be issued for motor vehicles previously issued a junking certificate.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$24,300)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$24,300)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state the following regarding this proposal:

§301.227

Deletes language that the department, for any vehicle issued a junking certificate or such similar document or classification pursuant to the laws of another state, shall issue a junking certificate for any vehicle, regardless of whether such designation has been subsequently changed by law in any other state.

Now provides that if a junking certificate or such similar document or classification pursuant to the laws of another state, the department shall only issue a junking certificate, unless such designation has been subsequently changed by law in any other state.

Administrative Impact

Motor Vehicle Bureau

It is assumed this proposal allows for a motor vehicle that has been issued a junking certificate or equivalent in another state, but such "junk" brand has been removed by that state or another state pursuant to their laws, the department may then issue a salvage certificate of title or original certificate of ownership.

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY 2018.
- The promulgation of a rule will require 80 hours for a Revenue Manager Band 1 to prepare at a cost of \$2,182, communicate with executive staff, and finalize the administrative rules and 15 hours for an Administrative Office Support Assistant at a cost of \$246 to finalize and complete all filing requirements with the Secretary of State's Office in FY 2018.
- MVB testing for identified system modifications. 80 hours for each system modification for a total of 160 hours by a Management Analyst Specialist I at a cost of \$3,560 in FY 2018.
- OA-ITSD services are required at a cost of \$24,300 in FY 2018.

ASSUMPTION (continued)

Administrative Impact (continued)

In summary, DOR assumes a cost of \$31,178 (\$890 + \$2,182 + \$246 + \$3,560 + \$24,300) in FY 2018.

This proposal may have additional unknown impact on the Department in the amount of title transactions, title application rejections, phone, and email correspondence. If the volume is significant enough that it cannot be absorbed by existing staff, additional FTE(s) will be requested through the appropriation process.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal; therefore, Oversight will reflect a fiscal impact of \$24,300 for IT services in FY 2018.

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

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE			
<u>Cost - DOR - Administrative costs to implement</u>	<u>(\$24,300)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$24,300)</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2018 (10 Mo.)	 FY 2019	 FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small financial and insurance businesses may be affected by this proposal due to uncertainties with financing or insuring a motor vehicle that has been declared junk or similar classification.

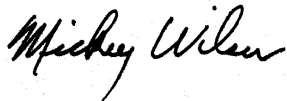
FISCAL DESCRIPTION

Currently, any vehicle issued a junking certificate or similar document or classification pursuant to the laws of another state shall not be issued a salvage certificate of title or original certificate of ownership regardless of whether such designation was subsequently changed by law in any state. This proposal allows for the issuance of a salvage certificate of title or original certificate of ownership to be issued for a vehicle issued a junking certificate or similar document or classification if such designation has been subsequently changed by law in any other state.

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 - Missouri Highway Patrol
Department of Insurance, Financial Institutions and Professional Registration



Mickey Wilson, CPA
Director
January 31, 2017

Ross Strope
Assistant Director
January 31, 2017