

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4760-01  
Bill No.: SB 820  
Subject: Boats and Watercraft; Motor Vehicles; Property, Real and Personal; Department of Revenue; Transportation  
Type: Original  
Date: March 4, 2020

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Bill Summary: This proposal modifies provisions relating to the titling of abandoned property.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Revenue (DOR)** assume the following regarding this proposal:

#### Administrative Impact

To implement the proposed legislation, the Department will be required to:

- Update four internal procedures;
- Update the Notice of Failure to Present Certificate of Title (Form 5044);
- Update the Notice To Owner(s) and Lienholder(s) Regarding Abandoned Vehicle, All Terrain Vehicle (ATV), Vessel, Watercraft, Outboard Motor and Trailer (Form 5227);
- Update Abandoned Vehicle Manual; and
- Create three new forms to accommodate the new provisions.

#### FY 2021 - Motor Vehicle Bureau

Administrative Office Support Assistant	10 hrs. @ \$13.78 per hr.	= \$137.80
Administrative Analyst I	80 hrs. @ \$14.70 per hr.	= \$1,176.00
Revenue Manager	20 hrs. @ \$20.59 per hr.	= \$411.80

#### FY 2021 - Strategy and Communications Office

Management Analysis Specialist I	90 hrs. @ \$18.42 per hr.	= \$1,657.80
Administrative Analyst II	40 hrs. @ \$18.75 per hr.	= \$750.00

**Total Costs** = **\$4,133.40**

The Department anticipates being able to absorb the above listed administrative costs. If multiple bills pass that require Department resources, FTE may be requested through the appropriations process.

**Oversight** notes DOR has stated they will use existing staff and will not hire additional FTE to conduct these activities. Therefore, Oversight will not reflect the administrative costs to DOR.

Officials from the **Department of Commerce and Insurance (DCI)** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

**Oversight** notes that DCI has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for DCI.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<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 act modifies provisions relating to the titling of abandoned property.

This act allows a salvage pool taking possession of a vehicle from an insurer that did not purchase the vehicle through the claims adjustment process, or a used motor vehicle dealer taking possession of a vehicle from a 501(c)(3) tax-exempt organization without negotiable title, to obtain a salvage certificate of title or junking certificate in its name if a vehicle remains unclaimed on the salvage pool's or used motor vehicle dealer's premises for more than 30 days. The salvage pool or used motor vehicle dealer shall, 30 days prior to applying for title, notify any owners or recorded lien-holders of the vehicle of the salvage pool or dealer's intent to apply for title. The application for title shall be on a form provided by the Department of Revenue, signed under penalty of perjury, and accompanied by a statement explaining how the salvage pool or dealer came to possess the property, a vehicle description as specified in the act, the current location of the property, a title application fee as required by law, a copy of the 30-day notice and certified mail receipts, and if the vehicle is not currently titled in the state, a law enforcement inspection report.

FISCAL DESCRIPTION (continued)

Upon receipt of the application and required documents, the Director of Revenue shall verify the names and addresses of any owners and lien-holders. If the Director identifies any additional owner or lien-holder who has not been notified, the salvage pool or dealer shall notify the owners or lien-holders in accordance with the act. Thereafter, if no valid lien-holders have notified the Department of the existence of a lien, the Department shall issue a salvage title or junking certificate in the name of the salvage pool or dealer.

This act also enacts provisions allowing insurers that purchase vessels or watercraft through the claims adjustment process to apply for a certificate of title in the same manner that insurers that purchase vehicles currently titled in the state through the claims adjustment process apply for a salvage title or junking certificate. An insurer purchasing a vessel or watercraft through the claims adjustment process for which the insurer is unable to obtain a negotiable title may make application to the Department of Revenue for a certificate of title. Application shall be made on a form provided by the Department, signed under penalty of perjury, and shall be accompanied by a declaration that the insurer has made at least 2 written attempts to obtain evidence of title, proof of claims payment from the insurer, evidence that letters were sent to the owner, a statement explaining how the insurer came to possess the property, a description of the vessel or watercraft as specified in the act, the current location of the property, and a title application fee as required by law. The insurer shall, 30 days prior to applying for title, notify any owners or lien-holders of record for the vessel or watercraft that the insurer intends to apply for title as provided in the act.

Upon receipt of the application and required documents, the Director of Revenue shall verify the names and addresses of any owners and lien-holders. If the Director identifies any additional owner or lien-holder who has not been notified, the insurer shall notify the owners or lien-holders in accordance with the act. Thereafter, if no valid lien-holders have notified the Department of the existence of a lien, the Department shall issue a certificate of title in the name of the insurer.

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

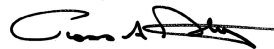
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SOURCES OF INFORMATION

Department of Revenue  
Department of Commerce and Insurance



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March 4, 2020



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