

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4890H.011  
Bill No.: HB 2354  
Subject: Motor Vehicles; Business and Commerce; Department of Revenue; Licenses -  
Motor Vehicle  
Type: Original  
Date: March 29, 2022

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Bill Summary: This proposal modifies provisions relating to salvage vehicles.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                 | <b>FY 2023</b> | <b>FY 2024</b> | <b>FY 2025</b> |
|  |                |                |                |
| <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>              |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2023</b> | <b>FY 2024</b> | <b>FY 2025</b> |
|   |                |                |                |
| <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.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2023</b> | <b>FY 2024</b> | <b>FY 2025</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 2023</b> | <b>FY 2024</b> | <b>FY 2025</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 \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2023</b> | <b>FY 2024</b> | <b>FY 2025</b> |
|  |                |                |                |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

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

#### Administrative Impact

It is assumed that by removing the six year age restriction, all motor vehicles, regardless of age will be issued a salvage title, excluding owner retained motor vehicles, semitrailers, and house trailers over six years of age, if damaged to the extent that the total cost of repairs to rebuild or reconstruct the vehicle to its condition immediately before it was damaged for legal operation on the roads or highways exceeds eighty percent of the fair market value of the vehicle immediately preceding the time it was damaged.

This will eliminate the option for vehicles older than six years to be issued a salvage title, original title (branded prior salvage), or junking certificate.

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

- Update procedures, correspondence letters, forms, and the Department website;
- Update the Missouri Titling manual;
- Send communications to stakeholders as applicable; and
- Train Staff.

#### FY 2023 – Motor Vehicle Bureau

|                                       |         |                   |                    |
|---------------------------------------|---------|-------------------|--------------------|
| Lead Administrative Support Assistant | 10 hrs. | @ 14.83 per hr.   | = \$ 148.30        |
| Research/Data Assistant               | 60 hrs. | @ \$23.55 per hr. | = \$ 1,413.00      |
| Administrative Manager                | 20 hrs. | @ \$25.56 per hr. | = <u>\$ 511.20</u> |
| Total                                 |         |                   | \$ 2,072.50        |

#### FY 2023 – Strategy and Communications Office

|                                 |         |                    |                   |
|---------------------------------|---------|--------------------|-------------------|
| Associate Research/Data Analyst | 10 hrs. | @ \$18.87 per hr.  | = \$188.77        |
| Associate Research/Data Analyst | 20 hrs. | @ \$18.587 per hr. | = <u>\$377.40</u> |
| Total                           |         |                    | \$555.00          |

**Total Costs** = **\$2,638.67**

The Department anticipates that we will be able to absorb these costs and that there will be no impact. If multiple bills are passed that require Department resources, FTE may be requested through the appropriations process.

**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.

Revenue Impact

**DOR** states they anticipate a slight increase in revenue based on the proposed language as vehicles over six years old, excluding owner retained with more than eighty percent damage, would now be required to surrender their original certificate of ownership and obtain a salvage title prior to obtaining an original title with a prior salvage brand. The Department is unable to determine the number of vehicles more than six years of age that would now be required to obtain a salvage title, but it is anticipated this increase will be minimal.

Upon further inquiry, **Oversight** notes the potential decrease in revenue is due to the loss of title fees and processing fees charged by DOR to persons who retain ownership of a vehicle with more than 80% damage. Salvage title fees are \$8.50 and the processing fee is \$6. **DOR** notes, in most total loss cases, the owner lets the insurance company keep the vehicle in order to get the total payout. It is uncommon for the owner to retain the vehicle; therefore, **Oversight** will not reflect the potential minimal loss of revenue on the fiscal note.

Officials from the **Missouri Highway Patrol** and **Missouri Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

| <u>FISCAL IMPACT –</u><br><u>State Government</u> | FY 2023<br>(10 Mo.) | FY 2024    | FY 2025    |
|---|---------------------|------------|------------|
|   |                     |            |            |
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT –</u><br><u>Local Government</u> | FY 2023<br>(10 Mo.) | FY 2024    | FY 2025    |
|---|---------------------|------------|------------|
|   |                     |            |            |
|   | <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

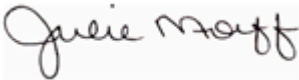
This bill changes the definition of "salvage vehicle" by removing the vehicle's age as a component of the damages and by excepting vehicles from the definition when a person retains ownership of the vehicle.

This bill repeals a provision stating when a purchaser of a vehicle sold for salvage must apply for a salvage title and when the application is discretionary, based upon the age of the vehicle

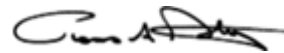
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Missouri Highway Patrol  
Missouri Department of Transportation



Julie Morff  
Director  
March 29, 2022



Ross Strobe  
Assistant Director  
March 29, 2022