

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2478-01
Bill No.: HB 1099
Subject: Appropriations; Highway Patrol; Motor Carriers; Motor Vehicles.
Type: Original
Date: January 25, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$5,000,000)	(\$10,000,000)	(\$10,000,000)
Highway Fund	\$771,539	\$1,611,458	\$1,644,008
Missouri Highway Safety Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$4,228,461)	(\$8,388,542)	(\$8,355,992)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Cities	\$176,111	\$355,745	\$362,860
Counties	\$117,408	\$237,163	\$241,907
Local Government	\$293,519	\$592,908	\$604,767

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** (DOR) stated this proposal requires an additional 50 cent fee to be collected at the time of registration for all motor vehicles. The additional 50 cents is to be deposited a Missouri Highway Safety Fund, also created by this proposal and allows tow truck services to apply for \$100 if a law enforcement agency requested the tower to remove an abandoned vehicle from the roadway.

The Department estimates that this will require a mailing to approximately 2000 towers to notify them of the application process for \$100 towing, required by law enforcement. (The Department has previously mailed information to towers that belong to the Towers Association which is approximately 800; however, this number did not include gas station owners that also supply towing services or those that do not belong to this association; therefore for purposes of this fiscal analysis the department is estimating mailing 2,000 notifications.)

Currently, provisions of section 304.155 and 304.156 provide procedures for notice and recovery of towing charges for abandoned motor vehicles which were ordered towed by law enforcement. The department received approximately 47,268 abandoned vehicle reports during FY01. This does not include those vehicles that were claimed by their owner within 10 days of the tow. For purposes of this fiscal analysis the department assumes that there will be 47,268 or more additional applications. The department estimates this proposal will generate approximately 100,000 applications from towers for the \$100. Because there are other requirements that must be met by the tower pursuant to sections 304.155 and 304.156 prior to their application for titling (like waiting a period of 10 days to ensure the owner doesn't claim the vehicle and notifying all owners that they have the vehicle) that the applications for \$100 will be separate from the abandoned motor vehicle reports currently being submitted.

Therefore, towers will send an application to the Department of Revenue requesting a \$100 be paid to them for the removal of abandoned vehicle if they have been instructed to do so by law enforcement. The Department will require 4 Revenue Licensing Tech I to process these applications and the associated costs for forms, policies, procedures, and postage. The Revenue Licensing Clerk will be required to open the application, review it to ensure that all required information is present and that law enforcement requested the tow, key the application information into the SAM II system for the \$100.

To implement this legislation, the Department of Revenue will require additional funds. In the past, the programs included in this legislation have been paid for with highway funds. This year, however, highway funds may not be available for this purpose as a result of legislation enacted by the General Assembly in 2000 that limits the use of highway funds.

ASSUMPTION (continued)

If highway funds are not available, then another source of funding must be identified to pay for the cost of implementing this legislation.

This proposal requires an additional 50 cents to be collected on all motor vehicle transactions to be deposited in a Missouri Highway Safety Fund, also established by this proposal.

For FY01 there were approximately 4,588,046 total registrations. This proposal would generate the following revenues. A 1% growth rate is factored in per year on registrations.

FY03 (6 months)	FY04	FY05
\$1,174,076	\$2,371,634	\$2,419,067

Although this proposal establishes a Missouri Highway Safety Fund that the additional \$.50 is to be deposited to, the fee is directly tied to the registration of motor vehicles. The Missouri State Constitution requires any increase in state license fees or taxes on motor vehicles shall be distributed as follows:

75% State Road Fund
15% Cities
10% Counties

For purposes of this fiscal note the department is showing the distribution as indicated by the Missouri Constitution.

This proposal also requires the payment of \$100 to towers who apply to the Department of Revenue when they have towed an abandoned vehicle at the request of law enforcement.

Again, using the estimate of 100,000 applications, as indicated above, it will require approximately \$10,000,000 annually to fund 100,000 applications at \$100 per. This proposal does not specifically state which appropriations are to be utilized to fund this proposal. The department is showing the \$10,000,000 from General Revenues.

Oversight assumes the DOR could locate new employees within existing floor space.

Officials from the **State Treasurer's Office** and the **Department of Public Safety** anticipate no fiscal impact.

Officials from the **Budget and Planning** state the legislative proposal should not result in

ASSUMPTION (continued)

additional costs or savings to their agency. This proposal would increase total state revenue and they defer to the Department of Revenue for revenue estimates.

Department of Highway and Transportation state this legislation may be diverting state revenues derived from highway users to uses other than the construction and maintenance of state highways and bridges. The Missouri Department of Revenue has the number of vehicles registered each year, therefore, they will be able to provide the estimated amount of funds that would be diverted from the Road Fund. MoDOT must rely on DOR's assessment.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (6 Mo.)	FY 2004	FY 2005
HIGHWAY FUND			
<u>Income- Department of Revenue</u>	\$880,557	\$1,778,726	\$1,814,300
<u>Cost - Department of Revenue</u>			
Personal Service (4 FTE)	(\$42,384)	(\$86,887)	(\$89,059)
Fringe Benefits	(\$15,262)	(\$31,288)	(\$32,070)
Expense and Equipment	<u>(\$51,372)</u>	<u>(\$49,093)</u>	<u>(\$49,163)</u>
Total <u>Cost-Department of Revenue</u>	<u>(\$109,018)</u>	<u>(\$167,268)</u>	<u>(\$170,292)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$771,539</u>	<u>\$1,611,458</u>	<u>\$1,644,008</u>
GENERAL REVENUE FUND			
<u>Cost-Transfer to Missouri Highway Safety Fund</u>	(\$5,000,000)	(\$10,000,000)	(\$10,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$5,000,000)</u>	<u>(\$10,000,000)</u>	<u>(\$10,000,000)</u>
MISSOURI HIGHWAY SAFETY FUND			
<u>Income-Transfer from General Revenue</u>	\$5,000,000	\$10,000,000	\$10,000,000
<u>Cost-Payments to Towers</u>	<u>(\$5,000,000)</u>	<u>(\$10,000,000)</u>	<u>(\$10,000,000)</u>
ESTIMATED NET EFFECT ON MISSOURI HIGHWAY SAFETY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (6 Mo.)	FY 2004	FY 2005
<u>Income-Cities</u>	\$176,111	\$355,745	\$362,860
<u>Income-Counties</u>	<u>\$117,408</u>	<u>\$237,163</u>	<u>\$241,907</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>\$293,519</u>	<u>\$592,908</u>	<u>\$604,767</u>

FISCAL IMPACT - Small Business

Direct fiscal impact to small businesses would be expected as a result of this proposal. Small tow truck operators will be able to receive \$100 to remove an abandoned vehicle from the roadway. This \$100 is in addition to statutory authority under section 304.155, RSMo, that the tow truck company has the right to receive payment from the owner of the abandoned property for all reasonable charges for the towing and storage of the abandoned property. Further, under section 304.156, RSMo, if payment of the towing charges and storage has not been arranged by the abandoned motor vehicle owner within thirty days after notification from the tow truck company, the tow truck company may apply to Department of Revenue for a certificate of title to the abandoned motor vehicle.

DESCRIPTION

This bill creates a Missouri Highway Safety Fund in the state treasury. Beginning January 1, 2003, an additional fee of 50 cents will be charged on each motor vehicle registration and deposited into the Missouri Highway Safety Fund. Any tow truck service requested by a law enforcement agency to remove an abandoned vehicle from a roadway will be paid \$100 from the Missouri Highway Safety Fund.

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

SOURCES OF INFORMATION

Department of Public Safety
Department of Revenue
State Treasurer's Office
Budget and Planning
Department of Highway and Transportation



Mickey Wilson, CPA
Acting Director
January 25, 2001