

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2338-01  
Bill No.: HB 979  
Subject: Licenses - Motor Vehicle; Motor Vehicles; Revenue Department  
Type: Original  
Date: March 31, 2009

Bill Summary: Establishes guidelines for the issuance of special event motor vehicle auction licenses

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Motor Vehicle Commission Fund	Unknown - Expected to be less than \$100,000	Unknown - Expected to be less than \$100,000	Unknown - Expected to be less than \$100,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Unknown - Expected to be less than \$100,000</b>	<b>Unknown - Expected to be less than \$100,000</b>	<b>Unknown - Expected to be less than \$100,000</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Corrections** and the **Department of Insurance, Financial Institutions and Professional Registration** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

Officials from the **Office of Prosecution Services (OPS)** state this proposed legislation will have no measurable fiscal impact on OPS or County Prosecutors.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Revenue (DOR)** state their agency will need to do the following to implement this proposal:

- Make updates to related policies/ procedures, forms, the DOR website, and, if applicable, the dealer operating manual.
- Develop an application for special event motor vehicle auction license and a form to report all vehicles included in the auction. These forms will be in electronic format in which no additional costs are associated.
- Develop correspondence for applicants who do not meet the requirements or are penalized for violations.

ASSUMPTION (continued)

DOR further states that IT will need to configure the dealer system to account for these special auction permits. DOR will have to issue and track the special auction permits and the customer information as well as process payments and issue receipts. The dealer system will need to be configured to allow for the recording of the report to be submitted listing the vehicle information for every vehicle, sold or not, included in the special event auction (this would be similar to the monthly dealer sales reports that are currently required).

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing 1 existing CIT III for 6 months at a rate of \$4,441/mo for a total cost of \$26,646. ITSD DOR estimates the IT portion of this request can be accomplished within existing resources; however; if priorities shift, additional FTE/overtime would be needed to implement.

Officials from the **Department of Revenue (DOR)** assume there will be an unknown increase to the Motor Vehicle Commission Fund due to the \$1,000 special event motor vehicle auction license fee. DOR assumes there could also be an unknown increase to the Motor Vehicle Commission Fund from the \$500 administrative fee for every vehicle auctioned in violation of subsection 6 of the proposal. Potentially there could be a decrease in dealer license fees collected by DOR due to entities selling 6 or more vehicle less than 25 years old and not having to register as a motor vehicle dealer or auction.

**Oversight** assumes the income resulting from violations and potential decrease in dealer license fees is speculative and for fiscal note purposes only, will shown Unknown - Expected to be less than \$100,000 income for special event motor auction license fees.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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**MOTOR VEHICLE COMMISSION  
 FUND**

Income - Department of Revenue - Fees	Unknown - Expected to be less than <u>\$100,000</u>	Unknown - Expected to be less than <u>\$100,000</u>	Unknown - Expected to be less than <u>\$100,000</u>
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**EXPECTED NET EFFECT ON  
 MOTOR VEHICLE COMMISSION  
 FUND**

<u>Unknown - Expected to be less than \$100,000</u>	<u>Unknown - Expected to be less than \$100,000</u>	<u>Unknown - Expected to be less than \$100,000</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

A small business conducting a special event motor vehicle auction would incur the expense of obtaining the license required by this proposal.

FISCAL DESCRIPTION

This proposed legislation allows the Department of Revenue to issue a special event motor vehicle auction license to an applicant for the purpose of auctioning motor vehicles if 90% or more of the vehicles are at least 10 years old or older. Auctions can be held for no more than three consecutive days, but no more than two times in a calendar year by the same licensee. A report must be sent to the Director of the Department of Revenue within 10 days of the conclusion of the auction on a department-approved form specifying the make, model, year, and vehicle identification number of every vehicle included in the auction. Anyone violating this provision will be guilty of a class A misdemeanor and will be charged a \$500 administrative fee per vehicle in violation of this provision payable to DOR.

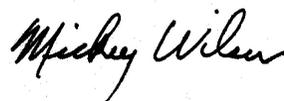
FISCAL DESCRIPTION (continued)

Applications to hold an auction must be received by DOR at least 90 days prior to the event. Applicants must be registered to conduct business in this state, pay a licensing fee of \$1,000, and be bonded or have an irrevocable letter of credit in the amount of \$100,000. Applicants will be responsible for ensuring that a sales tax license or special event sales tax license is obtained if required.

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  
Office of State Courts Administrator  
Department of Corrections  
Department of Insurance, Financial Institutions and Professional Registration  
Office of Prosecution Services  
Office of Secretary of State  
    Administrative Rules Division



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Director  
March 31, 2009