

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2733-01
BILL NO.: HB 1128
SUBJECT: Motor Vehicles; Regulation of Private Sales of Motor Vehicles
TYPE: Original
DATE: January 24, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Highway Fund	\$222,585	\$276,662	\$276,309
Total Estimated Net Effect on <u>All</u> State Funds	\$222,585	\$276,662	\$276,309

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$81,250	\$97,500	\$97,500

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Department of Revenue (DOR)** assumes this proposal would require the DOR to issue motor vehicle sales permits to persons trying to sell their personal vehicles on property they do not own (used car lot, parking lot), nor who are licensed as a dealer. *The DOR does not have any statistics available that would indicate how many of these sales permits would be sold each year. For purposes of the fiscal note, DOR assumes they will need to order 39,000 permits to stock all the motor vehicle offices in FY 01, and 19,500 permits each year thereafter.* DOR assumes that 50% of the 39,000 sales permits available will be sold each year for \$20 each, equaling approximately \$390,000 in revenue annually ($39,000 \times 50\% = 19,500$ permits \times \$20 = \$390,000).

The Motor Vehicle Bureau would need one Telephone Information Operator for 50% of the time each year to answer the inquiries and assist individuals with questions regarding this proposed legislation. The Motor Vehicle Bureau will incur expenses for forms, policies, procedures and postage in the amount of \$6,348 in FY 01 and \$1,868 in FY 02 and 03 to implement this proposal.

Revenue impact

Revenue gain from sale of temporary permits.

FY01

$39,000 \times 50\% = 19,500 / 12 = 1,625 \times 10$ months = $16,250 \times \$20 = \$325,000$

$\$325,000 \times 75\% = \$243,750$ Highway

$\$325,000 \times 15\% = \$ 48,750$ Cities

$\$325,000 \times 10\% = \$ 32,500$ Counties

FY02 and FY03

$19,500 \times \$20 = \$390,000 \times 75\% = \$292,500$ Highway

$\$390,000 \times 15\% = \$ 58,500$ Cities

$\$390,000 \times 10\% = \$ 39,000$ Counties

The proposal further states that any person who shows a motor vehicle for sale, or delivers a vehicle, without the proper sales permit shall be fined not less than \$100 and not more than \$250, or may have the vehicle confiscated and sold at a public auction. If sale of the confiscated vehicle occurs, 50% of the proceeds would be allocated to the local school district and 50% would be allocated to DOR. The DOR did not address this issue. **Oversight** assumes substantial **ASSUMPTION** (continued)

compliance with the provisions of this proposal and therefore assumes that any fines levied or public auctions held would result in minimal revenue for local school districts or the DOR.

Officials from the **Office of the Secretary of State (SOS)** assume the proposed legislation would require the printing of additional pages in the *Missouri Register* and the *Code of State Regulations*. Additionally, future costs are unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

While this bill alone would not require SOS to acquire additional staff, SOS assumes the cumulative effect of other bills that require rule making may, in the aggregate, necessitate additional staff.

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 appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
HIGHWAY FUND			
<u>Income - Department of Revenue</u>			
Sales permits for motor vehicles	\$243,750	\$292,500	\$292,500
<u>Costs - Department of Revenue</u>			
Personal Service (.5 FTE)	(\$8,405)	(\$10,338)	(\$10,597)
Fringe Benefits	(\$2,585)	(\$3,179)	(\$3,259)
Expense and Equipment	(\$3,827)	(\$453)	(\$467)
Forms, Policies, Procedures, Postage	(\$6,348)	(\$1,868)	(\$1,868)
Total Costs - DOR	(\$21,165)	(\$15,838)	(\$16,191)
 ESTIMATED NET EFFECT ON HIGHWAY FUND			
	<u>\$222,585</u>	<u>\$276,662</u>	<u>\$276,309</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		

CITIES and COUNTIES

Income - Cities

Sales permits for motor vehicles	\$48,750	\$58,500	\$58,500
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Income - Counties

Sales permits for motor vehicles	\$32,500	\$39,000	\$39,000
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**ESTIMATED NET EFFECT ON
CITIES and COUNTIES**

	\$81,250	\$97,500	\$97,500
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal regulates the sale of motor vehicles by individuals. No person will be allowed to show for sale, display a sign, or advertise a motor vehicle for sale unless the certificate of ownership bears the seller's name and any other information deemed pertinent by the Department of Revenue.

A person will not be allowed to place a vehicle for sale on property not owned by the person unless a sales permit is obtained from the Department of Revenue. The permit will be good for a 90-day period and have a fee of \$20. All sales permits must contain a description of the vehicle being sold and the name and address of the seller. A motor vehicle must not be delivered without assigning a certificate of ownership to the person accepting delivery of the motor vehicle.

Any person violating the provisions of this bill will be subject to a fine of \$100 to \$250. Any vehicle shown for sale in violation of this bill will also be subject to impoundment at the expense of the person causing such sale. Any vehicle delivered and shown for sale in violation of the title assignment requirements will be confiscated and sold at a public auction. One-half of the proceeds of any such sale will be allocated to the local school district and the other half to the Department of Revenue.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not

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require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Secretary of State

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
January 24, 2000