

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB 1780

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Bloxom

3. Committee: Transportation

4. Title: Salvage vehicles; removes requirement that a vehicle be late model

5. Summary: This bill removes the requirement that a vehicle be late model in order to meet the definition of salvage vehicle due to having been (i) acquired by an insurance company as part of the claims process or (ii) damaged to the extent that its estimated cost of repair would exceed its value before the damage minus the salvage value. The bill expands corresponding reporting requirements to require application for a salvage certificate for certain early model vehicles. The bill also removes the requirement that a vehicle be late model in order to meet the definition of rebuilt vehicle.

6. Budget Amendment Necessary: Yes, Item 438.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2019	-	-	-
2020	\$2,593,833	29	0454 – DMV Special Fund
2021	\$2,272,896	29	0454 – DMV Special Fund
2022	\$2,272,896	29	0454 – DMV Special Fund
2023	\$2,272,896	29	0454 – DMV Special Fund
2024	\$2,272,896	29	0454 – DMV Special Fund
2025	\$2,272,896	29	0454 – DMV Special Fund

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2019	-	-
2020	\$1,710,725	0454 – DMV Special Fund
2021	\$1,710,725	0454 – DMV Special Fund
2022	\$1,710,725	0454 – DMV Special Fund
2023	\$1,710,725	0454 – DMV Special Fund
2024	\$1,710,725	0454 – DMV Special Fund
2025	\$1,710,725	0454 – DMV Special Fund

8. Fiscal Implications: In FY 2018, 61,890 salvage certificates were issued and 6,259 salvage exams were conducted. The expenditure impact is based upon an estimate that the number of

salvage vehicles to be processed could double, requiring additional staffing needs of 18 full time program support technicians and 11 full time law enforcement agents to complete additional salvage title work and examinations. In addition to ongoing salary, fringe benefits, and technology and equipment costs, there would be a one-time expenditure to equip law enforcement agents. The revenue impact is determined using an estimate of double the number of vehicles requiring a salvage certificate and double the number of vehicles requiring a salvage exam. The salvage certificate fee is \$15 and salvage exam fee is \$125.

As previously noted, the anticipated expenditure impact of the bill exceeds expected revenues. The agency is unable to absorb the additional costs beyond expected revenues. A \$5 increase in the fee for a salvage certificate (from \$15 to \$20) would be necessary to generate up to \$618,900 annually to balance revenues and expenditures.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is a companion to SB 1364.

Date: 1/9/2019

Document: G:\18-20\FIS 2019\HB1780.docx

Cc: Secretary of Transportation