

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: SB1160ER

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|------------------------|---------------------------------------|-------------------------------------|----------------------------------------------|
| House of Origin | <input type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input type="checkbox"/> Substitute | <input checked="" type="checkbox"/> Enrolled |

2. Patron: Suetterlein

3. Committee: Passed both houses.

4. Title: Removal of vehicles involved in accidents; lien of keeper of vehicles.

5. Summary: This bill provides that an entity acting at the direction of law enforcement or the Department of Transportation to remove a vehicle or cargo after an accident shall not be liable for damages or claims resulting from exercise of authority, unless the entity acted with gross negligence. Current law provides protection from liability for damages or claims resulting from failure to exercise authority, if done in good faith.

6. Budget Amendment Necessary: Yes, Item 436.

7. Fiscal Impact Estimates: Final. See Item #8.

8. Fiscal Implications: This bill provides additional protection from liability for entities removing a vehicle or cargo at the direction of law enforcement or Virginia Department of Transportation personnel after an accident. The legislation protects towers and recovery operators from damages or claims resulting from the towing or removal unless they act with gross negligence.

The bill includes provisions that are the result of a two-year Mechanics' and Storage Lien (MSL) and Abandoned Vehicle (AV) Process Study and recommended by the broad range of stakeholders. The resulting proposals included in the legislation were agreed upon by stakeholders to simplify aspects of the MSL enforcement process, including shifting responsibility from mechanics' and storage lienholders to the Department of Motor Vehicles (DMV) for sending certified mail notifications and posting of auction notices. The bill also includes measures to facilitate automation of processes to ensure consistency, efficiency, and security. The bill introduces options to relinquish a mechanics' or storage lien and to submit independent appraisals to prove that the vehicle is worth less than the trade-in value determined by DMV. Provisions of the bill will clarify titling documentation requirements for abandoned vehicles to ensure that auctions are conducted before the vehicle can be titled to a new owner. Finally, the bill will allow DMV to create a new centralized and secure online portal to facilitate both the MSL and AV processes.

The legislation includes a stakeholder-approved fee of \$40 applying to the portion of the process requiring DMV to send certified mail notices and host auction notices. The fee will

also support the significant effort to develop and maintain the online portal and increased staffing to review certain required documentation and respond to inquiries and complaints.

It is anticipated that the fee will cover the staff hours, certified mailing fees, information technology (IT) costs, and salaries and fringe benefits of the 13 additional employees needed to implement the requirements of the bill. The proposed fee was developed by using the average annual volume of vehicles titled following the MSL and AV processes, the current average costs for certified mailings to owners and lienholders, hourly rates for additional DMV staff that would be required to complete the new manual aspects of the processes, and one-time and ongoing IT costs associated with the development and maintenance of the online portal DMV will use for fee collection, automated search functions, and online hosting of auction notices. DMV will require a budget amendment of \$750,000 annually to appropriate the anticipated fee revenue and to increase the maximum employment level by 13 to hire the additional full time employees necessary to implement this legislation.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, Virginia Department of Transportation, law enforcement.

10. Technical Amendment Necessary: No.

11. Other Comments: None.