

OFFICE OF FISCAL ANALYSIS

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sHB-7162

AN ACT REFORMING THE MOTOR VEHICLE TOWING
STATUTES.

As Amended by House "A" (LCO 9121)

House Calendar No.: 354

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Department of Revenue Services	Various - Potential Revenue Impact	Minimal	Minimal
Resources of the General Fund	GF - Potential Revenue Gain	Minimal	Minimal
Judicial Dept. (Probation)	GF - Potential Cost	Minimal	Minimal
Department of Motor Vehicles	TF - Potential Revenue Gain	Minimal	Minimal

Note: Various=Various; GF=General Fund; TF=Transportation Fund

Municipal Impact: None

Explanation

The bill makes several changes to motor vehicle towing and related statutes and results in the following fiscal impacts.

Potential Sales Tax Impacts

The bill results in a potential minimal revenue impact to the state by requiring the Department of Motor Vehicles (DMV) to establish a schedule of rates for various towing and related services. The actual rate increase will depend upon the rates adopted by the DMV. Towing

services are subject to the state's sales tax.¹

Enforcement Penalties and Fines

The bill creates new penalties resulting in a potential revenue gain to the General Fund from fines and a potential cost to the Judicial Department for probation. On average, the marginal cost to the state for supervision in the community is less than \$600² each year for adults.

The bill also increases civil penalties that DMV may impose for violating the motor vehicle dealer and repairer laws from up to \$1,000 to up to \$5,000, resulting in potential revenue gain to the extent that fines are imposed.

Other sections of the bill are not anticipated to have a fiscal impact to the state or municipalities.

House Amendment "A" eliminates the original bill and its associated fiscal impact, and results in the impact described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to any rate adjustments, the actual number of offenses, or as otherwise described.

¹ By statute, 0.5 percentage points of the 6.35 percent rate (or 7.87% of collections) is deposited into the Special Transportation Fund and Municipal Revenue Sharing Fund (0.5 percentage points each). The remaining 5.35 percentage points (or 84.25%) is deposited into the General Fund.

² Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.