

OFFICE OF FISCAL ANALYSIS

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HB-7162

AN ACT REFORMING THE MOTOR VEHICLE TOWING
STATUTES.

AMENDMENT

LCO No.: 9052

File Copy No.: 568

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; TF=Transportation Fund; GF=General Fund

Municipal Impact: None

Explanation

The amendment strikes the underlying bill and its associated fiscal impact.

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

Potential Sales Tax Impacts

The amendment results in a potential minimal revenue impact to the state by requiring the Department of Motor Vehicles (DMV) to establish

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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 amendment 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 amendment 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 amendment are not anticipated to have a fiscal impact to the state or municipalities.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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.