

## Department of Planning and Budget 2022 Fiscal Impact Statement

**1. Bill Number:** HB1092

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

**2. Patron:** Kilgore

**3. Committee:** Transportation

**4. Title:** Nonrepairable and rebuilt vehicles; sunset.

**5. Summary:** This bill repeals the sunset clause for certain amendments related to definitions of nonrepairable and rebuilt vehicles. As enacted in 2017, the amendments would have expired on July 1, 2021. However, language in Item 436 of Chapter 552 of the Acts of Assembly of 2021, Special Session I (the Appropriation Act), provided that, notwithstanding any other law, the amendments would remain in place until July 1, 2022. The bill makes the amendments permanent.

**6. Budget Amendment Necessary:** No.

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

**8. Fiscal Implications:** The bill will ensure the current Code definitions remain in effect, allowing the Department of Motor Vehicles (DMV) to continue using the more streamlined titling process that resulted from 2017 legislation.

No fiscal impact is anticipated for DMV as a result of passage of this bill. However, if the sunset provision is not repealed, the pre-2017 definitions and processes will be reinstated, requiring vehicle owners applying for salvage certificates to submit an estimate for the cost of repair and requiring DMV to process this information, including following up with applicants who have submitted incomplete information. The former process places DMV in the position of determining whether a vehicle is nonrepairable or salvage based on paperwork. Reinstating the previous process, and accounting for an increase in the volume of salvage certificates issued, would require the addition of up to five full time employees. The annual cost for five additional employees in the vehicle branding work center would be \$340,275.

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

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** Ch. 342 and Ch. 362 of the 2017 Acts of Assembly deleted the definition of “cosmetic damage” and amended the definitions of “nonrepairable vehicle” and “rebuilt vehicle” to exclude an estimated cost of repair valuation. These acts contained a sunset

clause effective July 1, 2021, and required DMV to submit a report to the General Assembly on the number of salvage and nonrepairable certificates issued between July 2, 2014, and June 30, 2020, comparing fiscal years 2015-2017 and 2018-2020. As the definitions affected the processes involved in issuing both a salvage certificate and a nonrepairable certificate, the sunset provisions would require processes to revert to the more labor intensive and time consuming processes in place prior to July 1, 2017.

The primary impact of declaring a damaged vehicle either salvage or nonrepairable is economic. A nonrepairable vehicle can be sold only for parts or scrap, and a salvage vehicle can be purchased for parts, scrap, or repair, making the salvage vehicle more valuable. DMV data confirms that since the definitions changed, the number of nonrepairable certificates issued decreased and the number of salvage certificates increased.