

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2016 REGULAR SESSION**

MEASURE

2016 BR NUMBER **1576**

SENATE BILL NUMBER **163**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to automotive recycling.**

SPONSOR **Senator Buford**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: **Transportation Cabinet: General Administration and Support, Vehicle Regulation; Department of Corrections**

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES		\$1,200,000	Indeterminable	Indeterminable
NET EFFECT		(\$1,200,000)	(Indeterminable)	(Indeterminable)

() indicates a decrease/negative

MEASURE'S PURPOSE: The purpose of the measure is to permit the recycling of motor vehicles ten model years or older without a title, if certain requirements are met.

PROVISIONS/MECHANICS:

Section 1 of the measure creates a new section of KRS 186A that adds definitions and conditions for an automotive recycling dealer or secondary metals recycler (hereafter "recycler") to purchase a motor vehicle that is at least ten model years old without a title if the seller signs a statement certifying certain information. Among other things, the seller must certify that: the vehicle is at least ten years old and is not subject to a lien; the seller has the right to sell and dispose of the vehicle; the seller never obtained a title to the vehicle in his or her name or the title was lost or stolen; and the seller is aware that providing false information is considered forgery in the second degree. The section sets conditions on the purchaser to dismantle or scrap the vehicle after a waiting period, to maintain certain records for two years, and to verify with the Kentucky Transportation Cabinet (KYTC) that the vehicle has not been reported stolen. The

section also requires KYTC to develop an electronic system for recyclers to conduct the verification and to promulgate administrative regulations regarding the transfer of motor vehicles under the section.

Section 2 amends KRS 186A.990 to establish that any person found to have given false information in their signed statement shall be guilty of forgery in the second degree and shall be fined \$1,000. This section also imposes a fine of \$1,000 per violation if the purchaser does not notify the National Motor Vehicle Title Information System of the purchase within 24 hours of the close of business on the day the transaction took place, or if the purchaser does not maintain records of sellers' statements for two years.

Section 3 amends KRS 433.890 to exempt motor vehicles sold under Section 1 from certain record-keeping requirements related to the sale of metals.

Section 4 amends KRS 186A.215 to conform to the new provisions.

FISCAL EXPLANATION:

Section 1 of this measure requires KYTC to develop an electronic system for recyclers to verify whether or not a motor vehicle offered for sale is stolen. KYTC has estimated the cost of designing, developing, and testing this system to be approximately \$1,200,000. The database would require multiple programming languages, would need to interface with a federal database, and would need to be accessible to recyclers, state employees, and database security managers. Moreover, the bill stipulates that this service shall be provided at no cost to recyclers, so there will be no revenue to offset costs of system implementation.

Recurring costs are harder to estimate. The system would be designed to be able to handle all recyclers' queries; however, KYTC states that they anticipate needing to hire additional staff to handle an increase in calls for users who have questions or encounter system issues. The number of additional personnel needed would depend on the volume of these queries, so recurring costs are indeterminable but are expected to be minimal.

Section 2 of the measure expands the Class D felony of forgery in the second degree to include any person who knowingly gives false, fraudulent, or erroneous information in connection with the sale of motor vehicles under this measure. While there is no way to estimate the number of new felons this provision might generate, the impact to the Department of Corrections is expected to be minimal.

DATA SOURCE(S): KYTC

PREPARER: Justin Perry and Jeff Schnobrich **NOTE NUMBER:** 71 **REVIEW:** JRS **DATE:** 2/12/2016