## Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2016 Regular Session

#### **Part I: Measure Information**

| Bill Request #: 1576  |
|---|
| Bill #: SB 163  |
| Bill Subject/Title: Automotive recycling.   |
| Sponsor: _ Sen. Tom Buford  |
| Unit of Government:XCityXCountyXUrban-CountyXCharter CountyXConsolidated LocalXGovernment |
| Office(s) Impacted: Local jails and local law enforcement                                 |
| Requirement: <u>X</u> Mandatory Optional  |
| Effect on Powers & Duties: Modifies Existing _X_ Adds New Eliminates Existing             |

#### Part II: Purpose and Mechanics

Section 1 of SB 163 creates a new section of KRS Chapter 186A to permit an automotive recycling dealer or secondary metals recycler to purchase a motor vehicle without a title if it is 10 model years or older and certain requirements are met. Motor vehicles purchased under the section shall not be titled again or registered for highway use and shall be dismantled or scrapped.

Section 2 amends KRS 186A.990 to establish penalties.

- 1. At the time of a sale referred to in Section 1, the seller shall sign a statement including information such as the vehicle is at least 10 years old and is not subject to any secured interest or lien. Any person who knowingly gives false, fraudulent, or erroneous information in connection with the statement shall be guilty of forgery in the second degree, a Class D felony.
- 2. Any person who falsely certifies the truthfulness and accuracy of information supplied in the statement shall be guilty of forgery in the second degree.
- 3. Any person who knowingly sells a vehicle subject to an unsatisfied lien shall be guilty of forgery in the second degree.
- 4. A statement shall be maintained for a period of not less than two years. An automotive recycling dealer or a secondary metals recycler shall report vehicles

purchased under Section 1 to the National Motor Vehicle Title Information System at the time of the transaction or no later than 24 hours after the close of business on the day of the transaction. Any person who violates the Section 1 requirements pertaining to the creation or maintenance of a statement shall be fined \$1,000 per violation. Any person who fails to provide the mandated notice to the National Motor Vehicle Title Information System in a timely manner shall be fined \$1,000 per violation.

### Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

# The fiscal impact of SB 163 on local governments is expected to be a nil to minimal increase in costs.

Section 2 of SB 163 amends KRS 186A.990 to establish various crimes that are labelled forgery in the second degree (KRS 516.030). Forgery in the second degree is a Class D felony.

When a court denies bail to a Class D felony defendant, the local government is responsible for incarcerating the defendant until disposition of the case in one of Kentucky's 78 full service jails or five life safety jails. While the expense of housing inmates varies by jail, each additional inmate increases facility costs by an estimated average cost of \$31.34 per day. Upon sentencing, a Class D felon is housed in one of Kentucky's full service jails for the duration of his or her sentence. The Department of Corrections pays a jail \$31.34 per day to house a Class D felon. Since the per diem pays for the estimated average cost of housing a Class D felon, the per diem may be less than, equal to, or greater than the estimated housing cost.

It is necessary to reason by analogy in order to establish the fiscal cost of the amendment to KRS 186A.990 found in Section 2 of SB 163. Subsection (1) of KRS 186A.990 already establishes various crimes pertaining to fraud in the registering or titling of a motor vehicle. Each of these crimes is labelled a forgery in the second degree, a Class D felony. According to the Administrative Office of the Courts, there have been fewer than three of these crimes in each of the last four calendar years. It seems doubtful that the Section 2 amendment would generate more charges and convictions than KRS 186A.990 (1). So, each year there should be no more than a handful of individuals charged with committing a crime under Section 2 of SB 163. In the unlikely event that one of these individuals is denied bail, a local jail will have to pay for the cost of incarceration until disposition of the case. However, if there is a conviction, the Department of Corrections pays the local jail the estimated average cost of \$31.34 per day to house the Class D felon.

|--|

| Preparer: | Scott Varland | <b>Reviewer:</b> | JWN | Date: | 2/18/16 |
|-----------|---------------|------------------|-----|-------|---------|
|-----------|---------------|------------------|-----|-------|---------|