



SF 436 – Wrecked or Salvage Motor Vehicles (LSB2244SV)
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Fiscal Note Version – New

Description

Senate File 436 increases the threshold for damage to a vehicle in order to be deemed wrecked or salvage from 50.0% percent to 70.0% of the fair market value in both Iowa Code section **321.52(4)(e)** and Iowa Code section **321H.2(12)**.

Background

Currently, a vehicle is deemed wrecked or salvage if the cost to repair the vehicle exceeds 50.0% of the fair market value. Before the owner of a repaired vehicle can be issued a vehicle registration to operate the vehicle on public highways, the vehicle must undergo a salvage theft examination by a peace officer certified by the Iowa Law Enforcement Academy (ILEA). Under Iowa Code section **321.52(4)(d)**, the purpose of the exam is to examine whether the vehicle or repaired components have been stolen and not whether a car is safe to operate. The current cost of an examination is \$50. The local agency performing the examination retains \$40; the remaining \$10 is split evenly between the Road Use Tax Fund (RUTF) and the General Fund. The money in the General Fund is to be used by the ILEA to provide for the training and certification of officers performing salvage theft examinations. In FY 2018, there were 45,861 salvage vehicle titles issued and 17,329 salvage theft examinations.

Assumptions

- The number of vehicles deemed wrecked or salvaged will decrease under **SF 436**.
- The number of vehicles needing a salvage theft examination prior to vehicle registration will decrease under **SF 436**.
- Salvage vehicle titles issued and salvage theft examinations in FY 2019 would be similar to FY 2018 if not for the proposed change.

Fiscal Impact

According to the Department of Transportation, the exact number of vehicles falling within the current 50.0% damage and the proposed 70.0% damage range cannot be determined for FY 2018. However, **Table 1** provides a range for possible decreases in salvage theft examinations fees and the funds or entity that will be impacted by **SF 436**. A 20.0% (3,466) reduction in salvage theft examinations would decrease total revenues by \$173,000. A 60.0% (10,397) reduction would decrease total revenues by \$520,000.

Table 1

Senate File 436 – Estimated Range of Revenue Reduction				
	<u>Total Fees</u>	<u>Potential Reduction in Salvage Theft Examinations</u>		
	Current Law	20% Decrease	40% Decrease	60% Decrease
Funds				
Local Agency	\$ 693,000	\$ -139,000	\$ -277,000	\$ -416,000
RUTF	87,000	-17,000	-35,000	-52,000
General Fund (ILEA)	87,000	-17,000	-35,000	-52,000
Total	<u>\$ 867,000</u>	<u>\$ -173,000</u>	<u>\$ -347,000</u>	<u>\$ -520,000</u>

Sources

Iowa Department of Transportation
LSA calculations

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
