



[House File 381](#) – Vehicle Salvage Title (LSB1685HV)
Staff Contact: Austin Brinks (515.725.2200) austin.brinks@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 381](#) increases the threshold for the cost of repair to a damaged vehicle in order for the vehicle to be deemed wrecked or salvage from 50.0% to 70.0% of the vehicle's fair market value.

Background

Currently, a vehicle is deemed wrecked or salvage if the cost to repair the vehicle exceeds 50.0% of the vehicle's 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 examination is to determine whether the vehicle or repair 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 moneys in the General Fund are to be used by the ILEA to provide for the training and certification of officers performing salvage theft examinations. County treasurers are also authorized under Iowa Code section [321.152\(1\)\(b\)](#) to retain \$2.50 for each certificate of salvage title issued. In calendar year 2019, there were 48,783 salvage vehicle titles issued. CY 2019 is used for this calculation due to the pandemic.

Assumptions

- The number of salvage theft examinations that will be completed annually beginning in FY 2022 will total 48,700, which is similar to the number completed in CY 2019.
- Sixty percent of the vehicles issued a salvage title will be valued between 50.0% and 70.0% of the fair market value, resulting in 29,000 fewer vehicles receiving salvage theft examinations and salvage titles.

Fiscal Impact

House File 381 would decrease total State revenues by \$290,000 annually, which would be split evenly between the RUTF and the ILEA. In addition, there would be an estimated decrease in fee revenue to the local law enforcement agencies that perform the examinations of \$1.2 million and an estimated decrease to counties of \$73,000.

The Department of Transportation also estimates \$7,000 for labor costs associated with information technology development that would be funded with the Department's existing resources.

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.

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