

**NOTE: This is an earlier version of the fiscal note for HF640-0.**

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Fiscal Note

2021-2022 Legislative Session

**SF640 - 0 - Vehicle Salvage Certificate of Title; Modification**

Chief Author: **John Jasinski**  
 Committee: **Transportation Finance and Policy**  
 Date Completed: **2/9/2021 3:33:57 PM**  
 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
<b>Local Fiscal Impact</b>		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
<b>General Fund</b>	-	-	(150)	(300)	(300)	
<b>Restrict Misc. Special Revenue</b>	-	560	215	498	498	
<b>Total</b>	-	<b>560</b>	<b>65</b>	<b>198</b>	<b>198</b>	
<b>Biennial Total</b>			<b>625</b>		<b>396</b>	

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
Restrict Misc. Special Revenue	-	8	8	8	8
<b>Total</b>	-	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Laura Cecko    **Date:** 2/9/2021 3:33:57 PM  
**Phone:** 651-284-6543    **Email:** [laura.cecko@lbo.leg.mn](mailto:laura.cecko@lbo.leg.mn)

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	
General Fund	-	-	(150)	(300)	(300)	
Restrict Misc. Special Revenue	-	560	215	498	498	
<b>Total</b>	<b>-</b>	<b>560</b>	<b>65</b>	<b>198</b>	<b>198</b>	
<b>Biennial Total</b>			<b>625</b>		<b>396</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	-	-	
Restrict Misc. Special Revenue	-	1,001	723	723	723	
<b>Total</b>	<b>-</b>	<b>1,001</b>	<b>723</b>	<b>723</b>	<b>723</b>	
<b>Biennial Total</b>			<b>1,724</b>		<b>1,446</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	150	300	300	
Restrict Misc. Special Revenue						
Revenues	-	-	113	225	225	
Transfers In	-	441	395	-	-	
<b>Total</b>	<b>-</b>	<b>441</b>	<b>658</b>	<b>525</b>	<b>525</b>	
<b>Biennial Total</b>			<b>1,099</b>		<b>1,050</b>	

**Bill Description**

Section 1

This bill proposes to remove “late model or high-value” from Minn. Stat. 168A.151 subd. 1 relating to vehicles required to obtain a Salvage title. It further adds a fourth paragraph stipulating that a vehicle owner who retains their vehicle after a settlement with an insurance company must immediately apply for a salvage title.

This would be effective for any vehicle that is acquired on or after January 1, 2023, a vehicle that sustains damage on or after that date, or for a vehicle which the owner receives a total loss settlement on or after that date.

Section 2

An appropriation of \$441,000 for FY22 and \$395,000 in FY23 from the Vehicle Services Operating Account in the special revenue fund will be provided two additional inspection sites, equipment and staff.

**Assumptions**

Assume the current statute that requires the Department of Public Safety (DPS) to issue salvage titles for damaged vehicles classified as late model or high value only will be expanded to include all model years of all values.

High value is defined as a vehicle with an actual cash value in excess of \$9,000 before being damaged or a vehicle with a manufacturer’s rating of 26,000 pounds or higher. Late model is defined as a vehicle model year that is six years old or newer.

Assumes a certificate of inspection is required prior to the issuance of a certificate of title for a salvage vehicle.

DPS Driver and Vehicle Services (DVS) employees that conduct salvage inspections also conduct dealer inspections. Due to the recent increase in the number of salvage vehicles returning to the market, DVS is currently only able to conduct approximately 15,000 salvage inspections per year with wait times for appointments in the metro area of up to six months.

Assumes with this legislation, the number of additional inspections that will be required is estimated to increase by 7,500 in fiscal year 2023 and increase to 15,000 additional inspections beginning in fiscal year 2024. Assume this estimate includes only the impact of the increase due to the proposed legislation and does not address the current or future back-log in inspections.

Assume that to meet the anticipated increase, DVS will require the addition of one new inspection site in the southern region of the state between Mankato and Owatonna, one new inspection site in the west metro, and a total of 8 additional full-time DVS Exam and Inspection Specialist Senior (EISS) to staff these new sites. Assume the annual cost to lease a metro area inspection site will be approximately \$50,000 in the west metro and \$25,000 in the southern region. The estimated initial build-out costs are \$150,000 for the west metro site and \$75,000 for the southern region site, office furniture, computer equipment (monitors/printers/scanner) and telephone one-time costs are \$6,570 per FTE. Monthly costs are estimated at \$161.59 per FTE (see below).

One-time costs per FTE:

Cubicle furniture = \$5,300  
Chair = \$500  
Telephone = \$200  
Computer monitors \$135 x 2 = \$270  
Printer/scanners = \$300

Total per FTE = \$6,570

Monthly costs per FTE:

Laptop computer rental = \$74.60  
Operating software/email/voicemail = \$48.74  
Telephone service = \$30  
Office supplies = \$8.25

Total per FTE = \$161.59

Assume procurement of a suitable facility to perform inspections may take up to 18 months.

Assume existing DVS staff will be required to review, approve, and issue all additional salvage titles.

Assume of the \$35 fee collected for the inspection of a salvaged vehicle, \$20 is deposited to the general fund and \$15 to the Vehicle Services operating account in the special revenue fund.

Assume the impact to MNDRIIVE will require one week (40 hours x \$200/hour) of programming to expand the issuance of salvage titles. The programming cost of \$8,000 will be absorbed by DVS as a part of its current maintenance and support contract with FAST Enterprises.

Assume \$441,000 will be appropriated in FY2022 from the vehicle service operating account for the costs of two additional inspection sites, and the base appropriation is \$395,000 in fiscal year 2023.

**Expenditure and/or Revenue Formula**

**FY 2022 Expenditures**

**Restrict. Misc. Special Revenue Vehicle Services Operating Account**

Eight EISS FTEs (step 5) x \$79,094.04 salary/fringe = \$632,752  
West Metro Inspection site lease = \$50,000  
Southern Region inspection site lease = \$25,000  
Monthly FTE costs (listed above) \$161.59 x 12 months x 8 FTE = \$15,513  
One-time FTE costs (listed above) \$6,570 x 8 FTE = \$52,560  
West Metro Inspection site build-out = \$150,000  
Southern Region Inspection site build-out = \$75,000

Total FY 2022 special revenue fund expenditures = \$1,000,825

**FY 2023 and beyond Expenditures**

**Restrict. Misc. Special Revenue Vehicle Services Operating Account**

Eight EISS FTEs (step 5) x \$79,094.04 salary/fringe = \$632,752  
West Metro Inspection site lease = \$50,000  
Southern Region inspection site lease = \$25,000  
Monthly FTE costs (listed above) \$161.59 x 12 months x 8 FTE = \$15,513

Total FY 2023 and beyond special revenue fund expenditures = \$723,265

**FY2023 Revenue**

**General fund:**

\$20 fee x 7,500 inspections = \$150,000

**Restrict. Misc. Special Revenue Vehicle Services Operating Account:**

\$15 fee x 7,500 inspections = \$112,500

**FY2024 and beyond Revenue**

**General fund:**

\$20 fee x 15,000 inspections = \$300,000

**Restrict. Misc. Special Revenue Vehicle Services Operating Account:**

\$15 fee x 15,000 inspections = \$225,000

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:** Alice Emma Corrie 651-201-7580

**Agency Fiscal Note Coordinator Signature:** Rita Wurm

**Phone:** 651-201-7016

**Date:** 2/9/2021 1:19:03 PM

**Email:** rita.wurm@state.mn.us