

Fiscal Estimate Narratives

DOT 1/19/2006

LRB Number	05-2418/1	Introduction Number	AB-909	Estimate Type	Original
Description The purchase of motor vehicles from motor vehicle salvage pools					

Assumptions Used in Arriving at Fiscal Estimate

A motor vehicle salvage pool is licensed as a wholesaler, allowed to sell only to motor vehicle dealers, wholesalers, and salvage dealers, and may not sell vehicles at retail. Salvage pools virtually always sell damaged used vehicles, and usually obtain vehicles from insurance companies, which have taken possession of damaged vehicles after paying loss claims.

Under current law, only persons who hold valid Buyer ID (BID) Cards may purchase vehicles at a motor vehicle salvage pool. A BID card may only be issued to a business or employee of a Wisconsin-licensed motor vehicle dealer, wholesaler, or salvage dealer; or a motor vehicle dealer, wholesaler, or salvage dealer licensed in another jurisdiction.

Under state law, a junk vehicle is either incapable of operation on a highway and has only resale value as a source for scrap or parts, or is a vehicle that an insurance company has taken possession of and the estimated cost to repair the vehicle exceeds the fair market value of the vehicle.

A salvage vehicle is a vehicle less than 7 years old that is damaged to the extent that cost to repair exceeds 70% of fair market value. Unlike a junk vehicle, a salvage vehicle is not precluded from subsequent titling and registration. A salvage vehicle may be repaired, inspected by an authorized inspector, and then may be re-titled and registered for highway operation.

This bill requires that only Wisconsin-licensed salvage dealers may purchase or bid on motor vehicles that are junk or titled as salvage vehicles, at a motor vehicle salvage pool. Although the bill would allow other BID card holders to purchase or bid on any other vehicles offered by a motor vehicle salvage pool, there are virtually no other vehicles offered at salvage pools.

Under state law, a salvage dealer may not sell any vehicles that will be titled and registered for highway operation. A salvage dealer may dismantle a vehicle and sell the parts, or, if the salvage dealer sells a whole vehicle, it would only be for parts.

Thus, under the bill, salvage vehicles – as well as junk vehicles – may only be sold to salvage dealers and thus be dismantled and sold for parts or scrap. Under the bill, salvage pools would not be able to sell salvage vehicles to be repaired and re-titled and registered for highway operation.

The only way that a salvage vehicle to be sold for repair and re-titling would be for the insurance company or individual owner to sell directly to a motor vehicle dealer.

No fiscal effect on DOT or the Transportation Fund.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description The purchase of motor vehicles from motor vehicle salvage pools			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): None.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
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