

HCS HB 703 -- MOTOR VEHICLE FEES AND TAXES

SPONSOR: Jones (89)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on General Laws by a vote of 12 to 2.

Beginning January 1, 2012, this substitute allows motor vehicle and boat dealers to act as fee agents for the Department of Revenue to register and license motor vehicles and trailers; to title and register boats, vessels, and outboard motors; and to collect sales and use taxes on motor vehicles and boats at the time of the initial sale or lease. Any dealer who elects to collect the sales and use tax must file a return and remit the tax collected, less a 2% timely filing deduction, to the Department of Revenue. Penalties will be imposed for late filing, and the department can electronically survey all motor vehicle dealer accounts to determine if payments have been timely remitted. The sales tax imposed on a used vehicle, trailer, boat, or motor will be at least 80% of the average trade-in value as determined by the current volume of the National Automobile Dealers Association's Official Used Car Guide, Central Edition, regardless of the purchase price.

A motor vehicle dealer is allowed to charge an administrative fee of up to \$150 in connection with the sale or lease of a new or used motor vehicle for the storage of documents or any other administrative or clerical services. The fee will be annually adjusted for inflation based on the federal Consumer Price Index. The fee may result in a profit for the dealer, and the amount of the fee must be disclosed on any preliminary worksheet or contract which is required to include a written notice conspicuously set out from the surrounding written material regarding the fee.

Any actions by a court or jury in this state to award or impose damages upon a motor vehicle dealer based on the charging of an administrative fee when the dealer is in compliance with the substitute will be null and void. If the courts rule that administrative fees charged in compliance with this section are the unauthorized practice or business of law, no person who paid an administrative fee may recover the fee or damages and no person who charged the fee will be guilty of a misdemeanor as provided in Section 484.020, RSMo.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 in FY 2010, \$0 in FY 2011, and More than \$100,000 in FY 2012. Estimated Income on Other State Funds of \$0 in FY 2010, \$0 in FY 2011, and More than \$100,000 in FY 2012.

PROPOSERS: Supporters say that the bill allows auto dealers to set up financing for car loans in the same manner as 46 other states. Finance companies will actually collect tax revenues and remit proceeds immediately to the Department of Revenue. Missouri will collect a greater amount of sales tax revenue using this system.

Testifying for the bill were Representative Jones (89); Missouri Automobile Dealers Association; and Missouri Bankers Association.

OPPOSERS: Those who oppose the bill say that small dealerships might not be able to set up financing, and therefore, would be at a disadvantage when dealing with customers. The bill is the first step in making financing and tax collecting mandatory for small car dealers. Software to implement these programs is very expensive, and customers prefer the option of paying taxes themselves.

Testifying against the bill were Don Strada, Powersport Dealers Association of Missouri; Craig Silvers; Wayne Cash; and Lawrence Neill.

OTHERS: Others testifying on the bill say that the opt-in provision for dealers is a good idea. The bill may help Missouri collect more tax revenue. The enforcement of the bill and the mailing of license plates to dealers or individuals might be expensive. Allowing motor vehicle and boat dealers to act as fee agents might reduce fee office revenues for the non-profit and charitable organizations and political subdivisions which the legislature is currently considering giving preference in fee office contract awards.

Testifying on the bill was Department of Revenue.