

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2388 - SB 2569

March 17, 2014

SUMMARY OF BILL: Prohibits the act of “curbstoning,” which is defined as when a person who is not licensed as a motor vehicle dealer, sells, offers for sale, advertises for sale or solicits the sale of motor vehicles not titled in the seller’s name or sells more than five vehicles that are titled in the seller’s name within a 12-month period. States that any motor vehicle used in curbstoning is subject to forfeiture in the same manner as provided in Tenn. Code. Ann. Title 40, Chapter 33. Authorizes the Motor Vehicle Commission to deny any application for a motor vehicle dealer or revoke or suspend such license of a salesperson who has engaged in curbstoning. Specifies that forfeiture proceeds shall be allocated in the following manner:

- 75 percent to the seizing entity;
- 10 percent to the General Fund;
- 15 percent to the Department of Commerce and Insurance, Division of Consumer Affairs (DCA) for consumer education.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - Exceeds \$5,000
Exceeds \$7,500/DCA

Increase Local Revenue - Exceeds \$37,500

Assumptions:

- It is unknown how many vehicles will be subject to asset forfeiture due to curbstoning.
- It is estimated that there will be at least 10 vehicles subject to forfeiture per year.
- The average retail value of such vehicles is unknown, but is reasonably estimated to average \$5,000.
- This will result in a total value of forfeited vehicles at \$50,000 (10 x \$5,000).
- Seizing entities will primarily be local law enforcement officials.
- The following provides the allocation of \$50,000:
 - Local law enforcement: \$37,500 (\$50,000 x 75%);
 - State General Fund: \$5,000 (\$50,000 x 10%);
 - DCA: \$7,500 (\$50,000 x 15%).
- Local governments may find it difficult to store additional forfeited vehicles.
- Any additional cost to local governments to store such vehicles is estimated to be not significant.

HB 2388 - SB 2569

- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenue are estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" and last name "Geise" clearly distinguishable.

Lucian D. Geise, Executive Director

/jdb