

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 790 - SB 899**

March 7, 2019

**SUMMARY OF BILL:** Prohibits a municipality from assessing certain fees or taking certain actions regarding certain impounded motor vehicles. Requires municipalities to make whole the owners of certain impounded motor vehicles in certain circumstances.

**ESTIMATED FISCAL IMPACT:**

**Decrease Local Revenue – Exceeds \$500,000**

**Increase Local Expenditures – Exceeds \$5,000\***

Assumptions:

- The proposed legislation will prohibit a municipality:
  - From assessing towing or storage fees against a motor vehicle who was impounded through no fault of the owner.
  - From disposing of a motor vehicle by sale or other means prior to issuing notification to the owner.
- The proposed legislation will require a municipality to make a motor vehicle owner whole:
  - For damages stemming from the impoundment if the motor vehicle was impounded through no fault of the owner.
  - If the motor vehicle is disposed of without notice being provided to the motor vehicle owner prior to its sale.
- Under current law:
  - Pursuant to Tenn. Code. Ann. § 55-16-104, a police department may take into custody any motor vehicle which is found abandoned, immobile, or unattended.
  - Pursuant to Tenn. Code Ann. § 55-16-105, the police department must provide notice of impoundment to the last known registered owner of the motor vehicle and the Department of Revenue.
  - Pursuant to Tenn. Code. Ann. § 55-16-106, if an abandoned motor vehicle remains unclaimed after notification, the motor vehicle may be sold at public auction. The proceeds of the sale go towards the payment of expenses of the auction, towing, and storage of the motor vehicle, with any remainder held for the owner of the motor vehicle.
- According to the Department of Revenue, the Division of Vehicle Services receives approximately 40,000 notifications of abandoned vehicles each year.

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- The precise number of motor vehicles which will be impounded by a municipality each year and will qualify as being impounded through no fault of their owner is unknown but reasonably estimated to exceed 1,000 motor vehicles statewide.
- While fees for towing will vary from city to city, they are reasonably estimated to exceed \$100 per instance. Storage fees will also vary but are reasonably estimated to exceed \$200 per day in any municipal towing lot. It is assumed the average length of time a motor vehicle will be held is two days. Average towing and storage fees for each vehicle are estimated to exceed \$500 [\$100 towing + (\$200 per day storage x 2 days)].
- Preventing municipalities from assessing towing and storage fees against motor vehicles which were impounded through no fault of the owner is estimated to result in a recurring decrease in local government revenue estimated to exceed \$500,000 (\$500 per motor vehicle x 1,000 vehicles annually) statewide.
- Due to multiple unknown variables such as the number of such motor vehicles which will sustain damages stemming from municipal impoundment, the extent of such damage, and the cost for such repairs, a precise mandatory increase in local government expenditures cannot be determined, but is reasonably estimated to exceed \$5,000 per year statewide.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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