

HB 972 - SB 1068

FISCAL MEMORANDUM



Fiscal Review Committee
Tennessee General Assembly

February 24, 2025

Fiscal Analyst: Arielle Woodmore | Email: arielle.woodmore@capitol.tn.gov | Phone: 615-741-2564

(CORRECTED FISCAL MEMO)

SUMMARY OF BILL AS AMENDED (003869): Revises the requirements of the electronic portal the Department of Revenue (DOR) is required to create and implement that allows a law enforcement agency or garagekeeper to input abandoned vehicle information for public notice. Details nine capabilities that the portal must have. Authorizes DOR to contract with a third-party service provider to create and implement the portal. Requires the procurement process for the portal to begin no later than July 1, 2025, and the implementation of the portal to begin no later than, July 1, 2026. Requires the portal user fee the DOR can charge a police department or other user must be charged in an amount to cover the cost of creating, administering and maintaining the portal. Prohibits DOR from charging a fee for conducting a public search on the portal. Requires the Commissioner of DOR to notify the public and the Tennessee Code Commission when the motor vehicle portal is operational.

Removes the authorization for a local government to pass an ordinance specifically opting to be governed by the *Modernization of Towing, Immobilization, and Oversight Normalization (MOTION) Act*.

Prohibits any person from booting a motor vehicle. Expands the conditions for which a person is authorized to tow a motor vehicle without the written authorization of the owner. Requires a person towing a motor vehicle to report specific information to the motor vehicle portal once it is operational. Establishes that a violation of this section is a violation of the *Consumer Protection Act of 1977*. Makes technical changes to the signage requirements in commercial parking lots. Prohibits a county, municipality, or other political subdivision of this state from enacting or enforcing an ordinance, resolution, rule, or other requirement that regulates parking in a manner that conflicts with the established requirements related to the nonpayment of parking fees.

Establishes protocol for law enforcement agencies to verify the owner of a motor vehicle, provide the ownership information to specified parties, and notify the owners of a motor vehicle that has been taken into custody, before and after the motor vehicle portal is operational. Requires any person who takes possession of a motor vehicle, other than a law enforcement agency or other public agency, to immediately report the information to DOR until the motor vehicle portal is operational. Eliminates the requirement to advertise a motor vehicle for auction in the newspaper, and requires the public sale notice to be posted on the online motor vehicle portal.

FISCAL IMPACT OF BILL AS AMENDED:

Due to an incorrect amount being estimated for the online motor vehicle portal, the original fiscal memo issued on February 23, 2025, was determined to be in error. Based on updated information, the estimated fiscal impact has been corrected as follows:

STATE GOVERNMENT	
REVENUE	General Fund
FY25-26	\$100,000
EXPENDITURES	General Fund
FY25-26	\$100,000
LOCAL GOVERNMENT	
EXPENDITURES	Mandatory
FY25-26	\$50,000
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.	

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 55-31-310, DOR is required to create and implement an electronic database or online platform that, on and after July 1, 2025, allows a police department or another user to input abandoned, immobile, or unattended vehicle information for public notice to be made through the motor vehicle portal.
- The proposed legislation revises and expands the requirements of the portal and establishes functional requirements the portal must have, including real-time access to information, automated notifications to vehicle owners, and integration with third-party systems, and delays implementation to July 1, 2026.
- Based on information provided by the DOR, there will be a one-time increase in state expenditures of \$100,000 to contract with a third-party vendor to create the expanded electronic database.
- Pursuant to Tenn. Code Ann. § 55-31-310(b), on and after July 1, 2025, the DOR may charge a police department or another user of the portal a fee to cover the cost of creating and administering the motor vehicle portal.
- The fee DOR will charge local police departments to use the portal is unknown, but it is assumed to be 50 percent of the cost of expenditures, or \$50,000. Additionally, impacted local businesses will incur an increase in expenditures of \$50,000 for fees charged by DOR to utilize the online motor vehicle portal.
- The increase in state revenue is estimated to be \$100,000 in FY25-26.
- Committing an unfair or deceptive practice under the *Consumer Protection Act of 1977* is a Class B misdemeanor offense.

- Any increase in the number of complaints handled by the AG is estimated to be not significant and can be handled by existing staff during normal work hours.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.

IMPACT TO COMMERCE OF BILL AS AMENDED:

BUSINESS IMPACT		
FISCAL YEAR	REVENUE	EXPENSES
FY25-26	\$100,000	\$50,000

Assumptions for the bill as amended:

- The proposed legislation will significantly impact operations of businesses providing vehicle booting and towing services by enacting various reporting requirements to law enforcement agencies and the online motor vehicle portal.
- Impacted local businesses will incur an increase in expenditures of \$50,000 for fees charged by DOR to utilize the online motor vehicle portal, as required under the proposed legislation.
- There will be a one-time increase in business revenue of \$100,000 in FY25-26 resulting from DOR paying a third-party vendor to create the database.

CERTIFICATION:

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



Bojan Savic, Executive Director