

Fiscal Note

BILL # SB 1168

TITLE: ~~HOV lanes; degradation; technical correction~~ S/E:
ADOT; abandoned vehicle fees; reimbursement

SPONSOR: Farnsworth

STATUS: As Amended by Senate TTMC

PREPARED BY: Jordan Johnston

Description

The bill would repeal the Abandoned Vehicle Administration Fund and transfer all unexpended and unencumbered monies from the fund into the State Highway Fund. The bill further eliminates all reimbursements to eligible towing companies that tow abandoned vehicles.

Estimated Impact

We estimate that the bill would eliminate \$(1.3) million in annual towing company reimbursements beginning in FY 2025. These monies would then be distributed to state funds. Under an existing statutory formula, the General Fund would receive \$1.2 million and the State Highway Fund would receive \$0.1 million. In addition, we estimate that the bill would transfer a balance of about \$500,000 from the Abandoned Vehicle Administration Fund to the State Highway Fund.

We have requested the Arizona Department of Transportation's (ADOT) estimated impact of this legislation and are awaiting a response.

Analysis

Owners of abandoned vehicles must pay ADOT an additional fee for the abandoned vehicle when registering another car or paying a driver's license fee. The additional fee, which is set by the ADOT director, depends on where the vehicle was abandoned.

Except for vehicles towed prior to August 9, 2017, towing companies receive reimbursement totaling 20% of all abandoned vehicle towing fees. The analysis assumes all future abandoned vehicle fees are for towed vehicles after August 9, 2017. If the vehicle was abandoned on private property, street or state highway, or public land located within an incorporated city or town, then the owner pays a fee of \$500. The fee is deposited into the Abandoned Vehicle Administration Fund. After the initial 20% (\$100) reimbursement to towing companies, the remaining fee is effectively distributed 72% (\$360) to the General Fund and 8% (\$40) to the State Highway Fund. Virtually all abandoned vehicle fees currently collected by ADOT are for vehicles abandoned on private property, streets or state highways, or public land located within an incorporated city or town.

If the vehicle was abandoned on state or federal land, which includes national forest, state park, Bureau of Land Management land, or state trust land outside of a city or town, then the owner pays a fee of \$600. The Administration Fund first reimburses the towing company 20% (\$120) for fees from vehicles abandoned on state and federal land. After that disbursement, the remaining fee is effectively distributed 48% (\$288) to the General Fund and 32% (\$192) to the State Highway Fund. Less than 1% of abandoned vehicles are towed on state or federal land.

The bill would eliminate the Abandoned Vehicle Administration Fund and instead deposit the fees directly into the State Highway Fund. The bill further eliminates all reimbursements to towing companies that tow abandoned vehicles.

(Continued)



By eliminating these reimbursements, the abandoned vehicle fees are effectively redistributed to the State Highway Fund and General Fund. *Table 1* below delineates the impact of this redistribution on the following sources where the abandoned vehicle fee is currently deposited: General Fund, State Highway Fund, and towing company reimbursements. The FY 2025 impact is based upon FY 2022 actual revenues from the abandoned vehicle fee as reported by ADOT, which is the most recent actual revenue data available to us.

The total revenue generated in FY 2022 from the abandoned vehicle fee was \$6.7 million, which was disbursed to 3 different sources as follows: \$4.8 million to the General Fund, \$0.6 million to the State Highway Fund, and \$1.3 million to the towing company reimbursements. The bill would keep revenues at an equivalent level, however the monies would be redistributed as follows: \$6.0 million to the General Fund and \$0.7 million to the State Highway Fund. The new distribution of revenues equates to an effective increase of \$1.2 million to the General Fund and \$0.1 million to the State Highway Fund.

Table 1	
SB 1168 Revenue Impact (\$ in millions)	
	<u>FY 2025</u>
General Fund	\$1.2
State Highway Fund	<u>0.1</u>
Subtotal	1.3
Towing Company Reimbursements	<u>(1.3)</u>
Total	0.0

To further detail the changes made under the bill, *Table 2* shows the abandoned vehicle fee distributions under both current law and this bill. This table shows how much of the fee dollars are distributed to each fund source.

Table 2	Fee Distribution From Abandoned Vehicle Fees			
	<u>Towing Reimbursements</u>	<u>General Fund</u>	<u>State Highway Fund</u>	<u>Total</u>
<u>Tow - Private/Local Land</u>				
Current Law	\$ 100	\$ 360	\$ 40	\$ 500
Bill Proposal	0	450	50	500
<u>Tow - State/Federal Land</u>				
Current Law	120	288	192	600
Bill Proposal	0	360	240	600

Local Government Impact

None