

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4114-01
Bill No.: SB 781
Subject: Motor Vehicles; Boats and Watercraft; Manufactured Housing; Revenue
 Department
Type: Original
Date: February 24, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$4,572)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$4,572)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Revenue (DOR)** state this legislation will modify the requirements for issuing repossession titles for motor vehicles pursuant to section 301.215, for issuing repossession title for boats pursuant to 306.435 and for manufactured homes pursuant to section 700.385. For motor vehicles the lienholder must have a notice of lien on file with the director of revenue in addition to the current security agreement or contract for security. The applicant for repossession title must submit the repossession application, a notice of lien or the

ASSUMPTION (continued)

original certificate of ownership reflecting the holder's lien and an affidavit regarding legal process or notice. The lienholder must give 10 days prior notice to all owners or lienholders on the last certificate of title at the address on such title or at the most recent address on the lienholder's records that an application for repossession title will be made or the lienholder may use the UCC notice, with the required information regarding repossession, ten days prior to applying for a repossession title.

For boats, outboard motors, and manufactured homes, this proposal makes the repossession title process/requirements consistent with those for motor vehicles and trailers as outlined above.

DOR assumes the legislation will require their department to revise policies, procedures and notify dealers and lienholders of this new requirement. DOR assumes they will incur the cost for the notices, envelopes and postage at approximately \$4,572.

Officials from the **Department of Public Safety - State Water Patrol** and the **Department of Economic Development - Public Service Commission** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Costs - Department of Revenue</u>			
Notices, envelopes and postage	<u>(\$4,572)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$4,572)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

It will impact financial institutions or other lienholders who perfect liens on motor vehicles, boats or manufactured homes and then have a need to repossess the vehicles.

DESCRIPTION

This act modifies the law that governs the process of obtaining a repossession title. In order to obtain a title to a motor vehicle, trailer, motorboat or vessel that has been legally repossessed, the debt holder must submit a notice of lien receipt or the original certificate of ownership reflecting the holder's lien. The act provides that a lienholder may give notice that it is seeking a repossession title to a motor vehicle owner and other lienholders by complying with Uniform Commercial Code notice provisions.

The act provides that a person seeking a repossession title to a motorboat, vessel or watercraft must present a notice of lien receipt or the original certificate of ownership reflecting the holder's lien. The act removes the requirement that the lienholder must present the original or photostatic copy of the security agreement. Instead, the act requires presentation of an affidavit that the lienholder has the written consent of all owners or lienholders of record to repossess the vessel, motorboat or watercraft or has provided such parties with written notice of the repossession. The act also imposes specific notice requirements upon the lienholder that are similar to the requirements for persons repossessing motor vehicles. The lienholder must give 10 days written notice by 1st class U.S. mail to the owners and other lienholders.

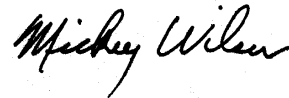
The act provides that a person seeking a repossession title to a manufactured home must present a notice of lien receipt or the original certificate of ownership reflecting the holder's lien. The act removes the requirement that the lienholder must present the original or photostatic copy of the security agreement. Instead, the act requires presentation of an affidavit that the lienholder has the written consent of all owners or lienholders of record to repossess the manufactured home or has provided such parties with written notice of the repossession. The act also imposes specific notice requirements upon the lienholder that are similar to the requirements for persons repossessing motor vehicles. The lienholder must give 10 days written notice by 1st class U.S. mail to the owners and other lienholders. The lienholder may also comply with the notice provision by giving notice under the Uniform Commercial Code provisions.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue
Office of the Secretary of State
Department of Public Safety
State Water Patrol
Department of Economic Development
Public Service Commission



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