

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1376-01  
Bill No.: Perfected HB 524  
Subject: Liens; Motor Vehicles  
Type: Original  
Date: February 17, 2015

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Bill Summary: This proposal allows the Department of Revenue to adopt rules and regulations allowing specified motor vehicle or trailer lienholders to electronically release a lien.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0	\$0 or (\$450,123)	\$0 or (\$90,995)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 or (\$450,123)</b>	<b>\$0 or (\$90,995)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Revenue (DOR)** assume that only liens filed by the actual lienholder, filed through the Department's Online Notice of Lien System, and declared by the lien holder to be an electronic lien, can be released electronically.

For fiscal note purposes, the implementation date will start in FY 2017 to account for the many programming hours this proposal will require. The following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY `17.
- The titling manual will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY `17.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY `17.
- Motor Vehicle Bureau testing for identified system modifications will require 80 hours for each system modification for a total of 80 hours by a Management Analyst Specialist I at a cost of \$1,795 in FY `17.
- The promulgation of rules associated with this section will require 80 hours for a Revenue Manager Band 1 to prepare at a cost of \$2,182, communicate with executive staff, and finalize the administrative rules and 15 hours for an Administrative Office Support Assistant at a cost of \$246 to finalize and complete all filing requirements with the Secretary of State's Office.
- OA-ITSD system Modifications will require 5,918 hours at a cost of \$75 an hour totaling \$443,880 in FY `17 and \$90,995 in FY 18.

In summary, DOR assumes a cost of \$450,123 ( $\$890 + \$890 + \$240 + \$1,795 + \$2,182 + \$246 + 443,880$ ) in FY 2017 and \$90,995 in FY 2018 to provide for the implementation of the changes in this proposal.

ASSUMPTION (continued)

**Oversight** assumes the language in this proposal is permissive and will range the cost to the General Revenue Fund as \$0 or (\$450,123) in FY 2017 and \$0 or (\$90,995) in FY 2018.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Cost - DOR</u>			
Administrative and IT cost	<u>\$0</u>	<u>\$0 or (\$450,123)</u>	<u>\$0 or (\$90,995)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0 or (\$450,123)</u></b>	<b><u>\$0 or (\$90,995)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill allows the Director of Revenue to authorize a lienholder to electronically release a lien when the lien is on file with the department. The bill requires the department to electronically confirm the receipt of the release.

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  
Department of Insurance, Financial Institutions and Professional Registration



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February 17, 2015

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February 17, 2015