

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1182-01
Bill No.: SB 269
Subject: Fees; Liens; Motor Vehicles; Department of Revenue
Type: Original
Date: January 31, 2017

Bill Summary: This proposal creates and funds the Department of Revenue Technology Fund through an administrative fee for notice of lien processing.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	Up to (\$62,760)	\$0	\$0
Total Estimated Net Effect on General Revenue	Up to (\$62,760)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Department of Revenue Technology Fund	\$4,431,440	\$5,317,728	\$5,317,728
Total Estimated Net Effect on Other State Funds	\$4,431,440	\$5,317,728	\$5,317,728

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue (DOR)** state the following regarding this proposal:

§32.097.1

Creates the "Department of Revenue Technology Fund" as appropriated by the General Assembly to provide dedicated funding for computer software, hardware, and system procurement and modernizations for the Department's motor vehicle and driver licensing systems.

§136.055.1(4)

Requires that, in addition to the \$2.50 notice of lien processing fee, a \$8.50 notice of lien administrative fee will be collected. This fee will be remitted to the "Department of Revenue Technology Fund". This proposal contains a sunset clause of December 31, 2027, unless re-authorized.

Administrative Impact

Motor Vehicle Bureau

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY 2018.
- The Notice of Lien, Lien Release, or Authorization to Add/Remove Name from Title (DOR-4809) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2018.
- The Application for Missouri Title and License (DOR-108) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2018.
- The Application for Missouri Boat/Vessel or Outboard Motor Title and Registration (DOR-93) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2018.
- The Dealer Operating Manual will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2018.

ASSUMPTION (continued)

Administrative Impact (continued)

- The Missouri 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 2018.
- 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 2018.
- MVB user testing for identified system modifications - 80 hours for each system modification for a total of 240 hours by a Management Analyst Specialist I at a cost of \$5,340 in FY 2018.
- OA-ITSD services will be required at a cost of \$51,840 (691.20 hours x \$75 per hour) in FY 2018.

In summary, DOR assumes a cost of \$62,760 (\$890 + \$890 + \$890 + \$890 + \$890 + \$890 + \$240 + \$5,340 + \$51,840) in FY 2018.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal.

Revenue Impact

In FY 2016 there were 625,615 notice of liens processed by the Department including liens filed in paper form and through the Department's online notice of lien application.

In FY 2016, the Department processed 625,615 notice of liens.

By charging an additional \$8.50 administrative fee for each of the 625,615 notice of liens filed, there would be an increase of revenue remitted to the "Revenue Technology Fund."

FY 2018 (10 Months) -- \$4,431,440

FY 2019 -- \$5,317,728

FY 2020 -- \$5,317,728

Officials at the **Office of Administration - Budget and Planning** assume this legislation increases the motor vehicle notice of lien processing fee from \$2.50 to \$11 until December 31, 2027.

ASSUMPTION (continued)

This increase counts towards the 18(e) calculation. Currently, the fee office retains \$2.50 for processing the lien in the field, or DOR deposits \$2.50 into general revenue for processing at DOR. The additional \$8.50 fee increase will be deposited into the state treasury in the newly created "Department of Revenue Technology Fund". This deposit will increase Total State Revenues but not GR. DOR may have more specific information on each year's lien volume and the potential total additional revenue generation.

Officials at the **Department of Transportation** defer to DOR.

Officials from the **Office of the State Auditor** and **Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations.

This will increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Cost - DOR</u> Administrative and programming costs	<u>Up to (\$62,760)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>Up to (\$62,760)</u>	<u>\$0</u>	<u>\$0</u>
DEPARTMENT OF REVENUE TECHNOLOGY FUND			
<u>Revenue - DOR</u> Additional administrative fee of \$8.50 per notice of lien processed	<u>\$4,431,440</u>	<u>\$5,317,728</u>	<u>\$5,317,728</u>
NET EFFECT TO THE DEPARTMENT OF REVENUE TECHNOLOGY FUND	<u>\$4,431,440</u>	<u>\$5,317,728</u>	<u>\$5,317,728</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<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 proposal creates the Department of Revenue Technology Fund and allows no more than twenty-five million dollars unexpended balance at the end of the biennium to be exempt from transfer to the ordinary revenue fund until July 1, 2027. After June 30, 2027, up to two million dollars unexpended balance at the end of the biennium shall be exempt from transfer to the ordinary revenue fund. The Department of Revenue Technology Fund shall be funded with an eight dollar and fifty cent administrative fee to be collected by agents of the Department of Revenue for processing notice of liens on motor vehicles.

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

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning
Office of the State Treasurer
State Auditor's Office
Department of Transportation



Mickey Wilson, CPA
Director
January 31, 2017

Ross Strope
Assistant Director
January 31, 2017