

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4014-01
Bill No.: SB 780
Subject: Consumer Protection; Contract and Contractors; Motor Vehicles; Department of Revenue; Transportation
Type: Original
Date: February 25, 2020

Bill Summary: This proposal modifies provisions relating to transportation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$30,267)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$30,267)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Administrative Impact

The Department of Revenue, Strategy and Communications Office, will be required to create and publish a form that serves as a written agreement between the buyer and selling dealer to sell the vehicle without an assigned title.

FY2021 - Strategy and Communications Office

Administrative Analyst I	13 hrs. @ \$14.70 per hr.	= \$	191
Administrative Analyst II	20 hrs. @ \$18.75 per hr.	= \$	375
Management Analysis Spec I	130 hrs. @\$18.42 per hr.	= \$	2,395
Management Analysis Spec II	25 hrs. @ \$20.57 per hr.	= \$	514
Revenue Manager	3 hrs. @ \$20.59 per hr.	= \$	<u>62</u>
Total		\$	3,537

No additional FTE will be required to *process* these types of transactions since the legislation does not alter the way the title and registration is processed.

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

DOR notes OA-ITSD services will be required to modify the Online Notice of Sale Application so dealers can indicate when a sale is made without an assigned title. ITSD services will also be required to modify DNOS and the Delinquent Fees system to accept the new information from the Online Notice of Sale Application and provide the customer with the notice to apply for title within ninety days instead of sixty days. ITSD assumes a cost of **\$30,267** in FY 2021 (318.6 hours x \$95 per hour).

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD costs on the fiscal note.

ASSUMPTION (continued)

Revenue Impact

DOR notes due to the customer not being provided the title at the time of sale, the Department could experience an unknown loss of interest due to the delay in an unknown amount of sales tax collection.

Oversight assumes the potential loss of interest proceeds earned because of the new timing differences from these types of transactions would not be a material amount. Therefore, Oversight will not reflect this potential loss of interest on the fiscal note.

Officials from the **Department of Transportation** and **Attorney General's Office** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the agencies mentioned above have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE			
<u>Cost - OA-ITSD services</u>	<u>(\$30,267)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$30,267)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small dealerships could be impacted as a result of this proposal.

FISCAL DESCRIPTION

Currently, an assigned certificate of ownership is required to be delivered to the buyer of a motor vehicle at the time of sale. This act specifies that where the seller is a licensed motor vehicle dealer, persons buying motor vehicles or trailers in this state may agree in writing to delivery of the vehicle's certificate of ownership up to 60 days after the time the vehicle is delivered.

Under the act, when a buyer and motor vehicle dealer have agreed in writing that the vehicle's title will be transferred at a time other than upon delivery of the vehicle, the buyer shall apply to the Department of Revenue to title the vehicle within 30 days of acquiring the title, but not more than 60 days after acquiring the vehicle. (Section 301.190.1). The act similarly amends provisions requiring the Department of Revenue to notify transferees to apply for title. (Section 301.197.2)

This act provides that dealers shall not be required to possess a certificate of ownership, nor proof of application for a certificate of ownership, in the case of vehicles held by a dealer for standard resale. (Section 301.200.1)

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
Department of Transportation
Attorney General's Office



Julie Morff
Director
February 25, 2020



Ross Strobe
Assistant Director
February 25, 2020