

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4937-01
Bill No.: SB 1264
Subject: Motor Vehicles; Business and Commerce; Revenue Dept.
Type: Original
Date: March 12, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Highway Funds	\$351,912 to (Unknown)	\$815,082 to (Unknown)	\$1,128,007 to (Unknown)
Total Estimated Net Effect on <u>All</u> State Funds*	\$351,912 to (Unknown)	\$815,082 (Unknown)	\$1,128,007 to (Unknown)

* Cost is expected to exceed \$100,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$203,125	\$365,625	\$487,500
Local Government	\$203,125	\$365,625	\$487,500

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Revenue- Division of Motor Vehicle and Drivers Licensing** (DVMDL) assume this proposal requires all liens to be mailed to the owners versus the current practice of mailing the lien to lienholders. It is estimated that because of the lien being mailed to the owner of the vehicle versus the lienholders that there will be an increase in duplicate titles that will be required due to the owner misplacing, losing, etc. the lien. The number of duplicate titles issued will increase from 10% for FY03, to 15% for FY04 and finally 20% for FY05. The longer an owner has the title the more likely that the title will be misplaced/lost. The division of motor vehicle and drivers licensing anticipates mailing approximately 1,000,000 titles per year to owners.

Revenue Impact

FY03

83,333 (1,000,000x10%=100,000/12x10mos=83,333)

Duplicate application fee= 83,333x\$8.50= \$708,331

25% quick title fee= 83,333x\$5=\$104,116

FY04

150,000 (1,000,000x15%)

Duplicate application fee= 150,000x\$8.50= \$1,275,000

25% quick title fee= 150,000x\$5=\$187,500

FY05

200,000(1,000,000x20%).

Duplicate application fee= 200,000x\$8.50= \$1,700,000

25% quick title fee= 200,000x\$5=\$250,000

The DVMDL assumes they would require two (2) Revenue Licensing Tech II the first year (FY01) to process duplicate requests. This includes receiving, examining, rejecting, key entering, and mailing duplicate requests. This division would also need two (2) additional Revenue Licensing Tech II for FY04 and one (1) additional Revenue Licensing Tech II for FY05 based on the anticipated number of duplicate requests. The division would require associated costs for equipment and expenses for the additional FTE.

ASSUMPTION (continued)

EJ:LR:OD (12/01)

DMVDL also assumes they will need two (2) Telephone Information operators beginning FY03 to ensure that all calls anticipated from owners, dealers and lienholders are answered and appropriate responses are given. The DMVDL would also incur cost in the amount \$146,038 for FY03, \$106,632 for FY04 & \$132,045 FY05 for forms, policies, procedures, and postage required to implement this proposal

This proposal also would require the department to implement a lienholder assignment registry. This would require extensive major programming and systems modifications. This portion of the proposal has a significant unknown fiscal impact. It would require several new TIO's and Clk II's plus equipment, floor space and expenses. The TIO's and Clk II's will be required to answer inquires and conduct record searches.

The Information Technology Bureau assumes it would require \$7,142 for programming costs to modify existing systems to implement this proposal. Programming costs will also be required in the amount of \$950 for FY03 to convert and key current child support lien information to DOR's website. The current contract vendor for FASTR has indicated that this proposal will require 107 hours of programming to the Field Automated System for Titling and Registration. Contract rate of programming is \$150.00 per hour. $107 \times \$150 = \$16,200.00$.

Officials with the **Department of Economic Development- Division of Finance** and **Division of Credit Unions** and **Department of Transportation** assume no fiscal impact on their agencies.

FISCAL IMPACT - State Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

HIGHWAY FUNDS

EJ:LR:OD (12/01)

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Revenue-</u> Department of Revenue			
Duplicate title application fees	\$609,373	\$1,096,875	\$1,462,500
Total	<u>\$609,373</u>	<u>\$1,096,875</u>	<u>\$1,462,500</u>
<u>Cost-</u> Department of Revenue			
Lienholders registry implementation*	(Unknown)	(Unknown)	(Unknown)
Salaries	(\$70,640)	(\$122,208)	(\$145,559)
Fringe Benefits	(\$25,437)	(\$44,007)	(\$52,416)
Equipment and Expenses	(\$161,384)	(\$115,578)	(\$136,518)
Total	<u>(\$257,461) to (Unknown)</u>	<u>(\$281,793) to (Unknown)</u>	<u>(\$334,493) to (Unknown)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUNDS	<u>\$351,912 to (Unknown)</u>	<u>\$815,082 to (Unknown)</u>	<u>\$1,462,500 to (Unknown)</u>

* Cost is expected to exceed \$100,000

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
LOCAL GOVERNMENT			
<u>Revenue-</u> Cities			
Duplicate title application fee	<u>\$121,875</u>	<u>\$219,375</u>	<u>\$292,500</u>
Total	<u>\$121,875</u>	<u>\$219,375</u>	<u>\$292,500</u>
<u>Revenue-</u> Counties			
Duplicate title application fee	<u>\$81,250</u>	<u>\$146,250</u>	<u>\$195,000</u>
Total	<u>\$81,250</u>	<u>\$146,250</u>	<u>\$195,000</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>\$203,125</u>	<u>\$365,625</u>	<u>\$487,500</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

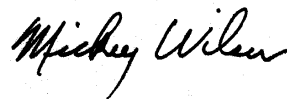
This proposal would eliminate the lienholders possession on motor vehicle certificates of title. The owner of the motor vehicle would be required to list the lienholder on the application for title and failure to do so would be a Class C felony. This proposal would specify the process for perfection for lienholders and subordinate lienholders. It is also proposed that once a lien is satisfied, the lienholder must mail or deliver a release stating satisfaction of the lien in a form prescribed by the Director of Revenue.

For lienholders holding certificates of title for liens perfected prior to August 28, 2002, the lienholder must mail the certificate of title to the owner of the motor vehicle by August 28, 2003, provided the owner prepays a transfer fee of up to \$25.

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 Transportation
Department of Economic Development
 Division of Finance
 Division of Credit Unions
Department of Revenue



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Acting Director
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