

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3624-04
Bill No.: HCS for SB 895
Subject: Banks and Financial Institutions; Bonds-General Obligation and Revenue;
 Business and Commerce; Commercial Code; Credit and Bankruptcy; Fees;
 Insurance-General; Liens; Manufactured Housing; Property, Real and Personal;
 Savings and Loan
Type: #Corrected
Date: May 7, 2002
 #Corrected error on fiscal summary and state fiscal summary

FISCAL SUMMARY

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

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 6 pages.

FISCAL ANALYSIS

ASSUMPTION

This portion of the bill deals specifically with titling issues in sections 301.610, 301.620, 301.630 301.640, 301.660, 306.405, 306.410, 306.415, 306.420, 306.430, 306.440 and the impact is as follows:

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

ASSUMPTION (continued)

EJ:LR:OD (12/01)

The DVMDL assumes that they would require two (2) Revenue Licensing Tech II for 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. DMVDL further assumes they could 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 division would require associated costs for equipment and expenses for the additional FTE.

The DMVDL could also incur cost in the amount \$146,038 for FY03, \$106,632 for FY04 and \$132,045 for FY05 for forms, policies, procedures, and postage required to implement this proposal.

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 also 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 from the **Department of Economic Development - Division of Finance and Division of Credit Unions, Office of State Courts Administrator, Office of State Treasurer, Office of State Auditor, Department of Insurance, Attorney General's Office and the Office of Administration - Division of Budget and Planning** indicated there would be no fiscal impact to their agencies.

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Department of Economic Development - Division of Finance could require as many as 12 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$738 for FY 2003. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
HIGHWAY FUNDS			
<u>Revenue- Department of Revenue</u>			
Duplicate title application fees	<u>\$609,373</u>	<u>\$1,096,875</u>	<u>\$1,462,500</u>
Total	<u>\$609,373</u>	<u>\$1,096,875</u>	<u>\$1,462,500</u>
<u>Cost- Department of Revenue</u>			
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)</u>	<u>(\$281,793)</u>	<u>(\$334,493)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUNDS	<u>\$351,912</u>	<u>\$815,082</u>	<u>#\$1,128,007</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
LOCAL GOVERNMENT			
<u>Revenue- Cities</u>			
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- Counties</u>			
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

Small business could be impacted fiscally by increases in fees.

DESCRIPTION

This proposed legislation makes a number of changes related to financial institutions and services involving financial institutions.

The fiscal impact relates to the proposed legislation for sections 301.610, 301.620, 301.630, 301.640, 301.660, 306.405, 306.410, 306.415, 306.420, 306.430, 306.440. 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

EJ:LR:OD (12/01)

Department of Insurance
Office of State Courts Administrator
Office of State Treasurer
Office of State Auditor
Office of Administration
 Division of Budget and Planning
Office of Secretary of State
Department of Economic Development
 Division of Finance
 Division of Credit Unions
Department of Revenue
Attorney General's Office



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