

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1376-01
Bill No.: Truly Agreed To and Finally Passed HB 524
Subject: Liens; Motor Vehicles
Type: Original
Date: June 9, 2015

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

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

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

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

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 32.096

Officials from the **Department of Revenue (DOR)** assume this section of the proposal allows the Department to draft rules and regulations for the criteria to add or release a lien electronically. Liens filed electronically may be released electronically. Once the lien has been released the Department is to electronically confirm receipt of the release.

Only liens filed by the actual lienholder, filed through the Department's Online Notice of Lien System, and declared by the lienholder to be an electronic lien, can be released electronically.

Section 301.640

DOR assumes this section of the proposal allows a lienholder to release a lien on a separate document, or electronically under section 32.096 for motor vehicles and trailers. If the lien is released on a separate document it is to be mailed or delivered to the owner.

Section 306.420

DOR assumes this section of the proposal allows a lienholder to release a lien on a separate document, or electronically under section 32.096 for boats and outboard motors. If the lien is released on a separate document it is to be mailed or delivered to the owner.

Section 700.370

DOR assumes this section of the proposal allows a lienholder to release a lien on a separate document, or electronically under section 32.096 for manufactured homes. If the lien is released on a separate document it is to be mailed or delivered to the owner.

DOR assumes 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:

ASSUMPTION (continued)

- 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.

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.

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 **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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.

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

<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.

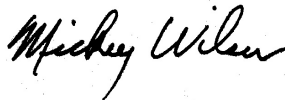
FISCAL DESCRIPTION

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.

SOURCES OF INFORMATION

Department of Revenue
Department of Insurance, Financial Institutions and Professional Registration
Joint Committee on Administrative Rules
Office of the Secretary of State



Mickey Wilson, CPA
Director
June 9, 2015

Ross Strobe
Assistant Director
June 9, 2015