

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5823-01
Bill No.: HB 2216
Subject: Revenue, Department of; Liens; Motor Vehicles
Type: Original
Date: February 1, 2016

Bill Summary: This proposal creates the Department of Revenue Technology Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$37,410)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$37,410)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Department of Revenue Technology Fund	\$4,364,396	\$5,237,275	\$5,237,275
Total Estimated Net Effect on Other State Funds	\$4,364,396	\$5,237,275	\$5,237,275

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Department of Revenue (DOR)** state:

Section 32.097

- Creates the “Department of Revenue Technology Fund”

Section 136.055

- Provides that, in addition to the \$2.50 notice of lien processing fee, an \$8.50 notice of lien administrative fee will be collected and remitted to the “Department of Revenue Technology Fund”
- The fee expires December 31, 2026, 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 2017.
- 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 2017.
- 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 2017.

ASSUMPTION (continued)

- 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 2017.
- 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 2017.
- 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 2017.
- 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 2017.
- MVB user acceptance 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 \$2,670 in FY 2017.
- OA-ITSD services are required. Total cost is \$29,160 (388.8 hours x \$75 per hour).

In summary, DOR assumes a cost of \$37,410 ($\$890 + \$240 + \$890 + \$890 + \$890 + \$890 + \$890 + \$2,670 + \$29,160$) for this proposal.

Revenue Impact:

In FY 2015 there were 616,150 notice of liens processed by the Department including liens filed in paper form and through the Department's online notice of lien application.

By collecting the \$8.50 administrative fee on 616,150 notice of liens processed, \$5,237,275 would be collected and deposited into the Department of Revenue Technology Fund annually.

Officials from the **Department of Transportation** defer to DOR to estimate the fiscal impact of the proposed legislation on their respective organization.

Officials from the **Office of Administration, Division of Budget and Planning**, assume this proposal would increase the motor vehicle notice of lien processing fee from \$2.50 to \$11 until December 31, 2026, which would count towards the 18(e) calculation.

ASSUMPTION (continued)

Currently, the fee office retains the \$2.50 if the lien is processed in the field, or DOR deposits the \$2.50 into General Revenue if the lien is processed at DOR. The additional \$8.50 fee increase will be deposited into the newly created "Department of Revenue Technology Fund" in the State Treasury, increasing Total State Revenues. There will be no impact to General Revenue. DOR may have more specific information on the volume of liens each year and the total additional revenue that may be generated.

Officials from the **State Treasurer's Office** and **State Auditor's Office** 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 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Cost - DOR</u> Administrative and programming costs	<u>(\$37,410)</u>	<u>\$0</u>	<u>\$0</u>
NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$37,410)</u>	<u>\$0</u>	<u>\$0</u>
DEPARTMENT OF REVENUE TECHNOLOGY FUND			
<u>Revenue - DOR</u> Administrative fee of \$8.50 per notice of lien processed	<u>\$4,364,396</u>	<u>\$5,237,275</u>	<u>\$5,237,275</u>
NET EFFECT TO THE DEPARTMENT OF REVENUE TECHNOLOGY FUND	<u>\$4,364,396</u>	<u>\$5,237,275</u>	<u>\$5,237,275</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<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.

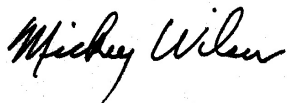
FISCAL DESCRIPTION

This proposal creates the Department of Revenue Technology Fund to be funded with an \$8.50 administrative fee collected by agents of the Department of Revenue for processing the notice of liens on motor vehicles until December 31, 2026. Before July 1, 2026, the proposal exempts any unexpended balance at the end of the biennium up to \$25 million from the transfer to the General Revenue Fund. After June 30, 2026, up to \$2 million in unexpended balance at the end of the biennium is exempt from the transfer to the General Revenue Fund.

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
State Treasurer's Office
State Auditor's Office
Office of Administration
Division of Budget and Planning



Mickey Wilson, CPA
Director
February 1, 2016

Ross Strobe
Assistant Director
February 1, 2016