

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0989-01  
Bill No.: HB 445  
Subject: Department of Revenue; Liens; Motor Vehicles  
Type: Original  
Date: January 31, 2017

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

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	Up to (\$62,760)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>Up to (\$62,760)</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Department of Revenue Technology Fund	\$3,388,748	\$4,066,498	\$4,066,498
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$3,388,748</b>	<b>\$4,066,498</b>	<b>\$4,066,498</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

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

#### **§32.097.1**

Creates the "Department of Revenue Technology Fund" as appropriated by the General Assembly to provide dedicated funding for computer software, hardware, and system procurement and modernizations for the Department's motor vehicle and driver licensing systems.

#### **§136.055.1(4)**

Requires that, in addition to the \$2.50 notice of lien processing fee, a \$6.50 notice of lien administrative fee will be collected. This fee will be remitted to the "Department of Revenue Technology Fund". This proposal contains a sunset clause of December 31, 2027, 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 2018.
- 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 2018.
- 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 2018.
- 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 2018.
- 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 2018.

ASSUMPTION (continued)

Administrative Impact (continued)

- 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 2018.
- 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 2018.
- MVB user 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 \$5,340 in FY 2018.
- OA-ITSD services will be required at a cost of \$51,840 (691.20 hours x \$75 per hour) in FY 2018.

In summary, DOR assumes a cost of \$62,760 (\$890 + \$890 + \$890 + \$890 + \$890 + \$890 + \$240 + \$5,340 + \$51,840) in FY 2018.

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal.

Revenue Impact

In FY 2016 there were 625,615 notice of liens processed by the Department including liens filed in paper form and through the Department's online notice of lien application.

In FY 2016, the Department processed 625,615 notice of liens.

By charging an additional \$6.50 administrative fee for each of the 625,615 notice of liens filed, there would be an increase of revenue remitted to the "Revenue Technology Fund."

FY 2018 (10 Months) -- \$3,388,748

FY 2019 -- \$4,066,498

FY 2020 -- \$4,066,498

Officials at the **Office of Administration - Budget and Planning** assume this legislation increases the motor vehicle notice of lien processing fee from \$2.50 to \$9 until December 31, 2027.

**ASSUMPTION** (continued)

This increase counts towards the 18(e) calculation. Currently, the fee office retains \$2.50 for processing the lien in the field, or DOR deposits \$2.50 into general revenue for processing at DOR. The additional \$6.50 fee increase will be deposited into the state treasury in the newly created "Department of Revenue Technology Fund". This deposit will increase Total State Revenues but not GR. DOR may have more specific information on each year's lien volume and the potential total additional revenue generation.

Officials at the **Department of Transportation** defer to DOR.

Officials from the **Office of the State Auditor** and **Office of the State Treasurer** 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 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DOR</u>	<u>Up to (\$62,760)</u>	<u>\$0</u>	<u>\$0</u>
Administrative and programming costs			
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE</b>	<b><u>Up to (\$62,760)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>DEPARTMENT OF REVENUE TECHNOLOGY FUND</b>			
<u>Revenue - DOR</u>	<u>\$3,388,748</u>	<u>\$4,066,498</u>	<u>\$4,066,498</u>
Additional administrative fee of \$6.50 per notice of lien processed			
<b>NET EFFECT TO THE DEPARTMENT OF REVENUE TECHNOLOGY FUND</b>	<b><u>\$3,388,748</u></b>	<b><u>\$4,066,498</u></b>	<b><u>\$4,066,498</u></b>

FISCAL IMPACT - Local Government

FY 2018  
(10 Mo.)

FY 2019

FY 2020

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

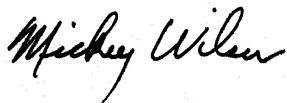
FISCAL DESCRIPTION

This proposal creates the "Department of Revenue Technology Fund" to be funded with a \$6.50 administrative fee collected by agents of the Department of Revenue for processing the notice of liens on motor vehicles until December 31, 2027. Before July 1, 2027, 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, 2027, 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  
Office of Administration - Budget and Planning  
Office of the State Treasurer  
State Auditor's Office  
Department of Transportation



Mickey Wilson, CPA  
Director  
January 31, 2017

Ross Strobe  
Assistant Director  
January 31, 2017