

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5863-01  
Bill No.: SB 898  
Subject: Liens; Motor Vehicles; Revenue Department  
Type: Original  
Date: February 2, 2016

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Bill Summary: This proposal creates and funds the Department of Revenue Technology Fund through an administrative fee for notice of lien processing.

**FISCAL SUMMARY**

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

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

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 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)

Administrative Impact (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.

ASSUMPTION (continued)

In response to a similar proposal, HB 2216, officials from the **Office of Administration, Division of Budget and Planning**, assumed 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.

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.

In response to a similar proposal, HB 2216, officials from the **State Treasurer's Office** and **State Auditor's Office** each assumed the proposal would 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
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DOR</u> Administrative and programming costs	<u>(\$37,410)</u>	<u>\$0</u>	<u>\$0</u>
<b>NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(\$37,410)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>DEPARTMENT OF REVENUE TECHNOLOGY FUND</b>			
<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>
<b>NET EFFECT TO THE DEPARTMENT OF REVENUE TECHNOLOGY FUND</b>	<b><u>\$4,364,396</u></b>	<b><u>\$5,237,275</u></b>	<b><u>\$5,237,275</u></b>

<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.

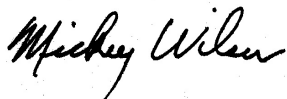
FISCAL DESCRIPTION

This proposal creates the Department of Revenue Technology Fund and allows no more than twenty-five million dollars unexpended balance at the end of the biennium to be exempt from transfer to the ordinary revenue fund until July 1, 2026. After June 30, 2026, up to two million dollars unexpended balance at the end of the biennium shall be exempt from transfer to the ordinary revenue fund. The Department of Revenue Technology Fund shall be funded with an eight dollar and fifty cent administrative fee to be collected by agents of the Department of Revenue for processing notice of liens on motor vehicles.

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  
Department of Transportation



Mickey Wilson, CPA  
Director  
February 2, 2016

Ross Strope  
Assistant Director  
February 2, 2016