

# BDR 43-1067

## SB 452

### EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 4, 2017

Agency Submitting: Department of Motor Vehicles, Management Services and Programs Division

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Bonded title fee (Revenue)		\$134,322	\$271,305	\$542,610
Technology fee (Revenue)		\$1,464	\$2,957	\$2,957
Contract programming (Expense)		\$103,500		
Regulations (Expense)		\$300		
Total	0	\$31,986	\$274,262	\$545,567

#### Explanation

(Use Additional Sheets of Attachments, if required)

BDR 43-1067/SB452 Section 1 authorizes a person who is unable to provide information satisfactory to the Department that the person is entitled to a new, duplicate, or substitute certificate of title, to instead obtain a new certificate of title by obtaining a surety bond from a licensed entity and submitting it to the Department. The amount of the bond must be equal to one and one-half times the value of the vehicle, as determined by the Department. The bond is valid for three years or until the title is surrendered to the Department. Sections 2-5 make conforming changes and allows the Department to adopt regulations to establish fees for title issuance. Section 6 sets forth the same options for a salvage vehicle.

The bond title process is anticipated to be labor intensive requiring research, processing, and tracking of the bond. After the three year bond period, the owner may transfer the bond title into a standard non-bond title. The estimated number of individuals that would apply for a bond title is undeterminable. Therefore, the Department utilized 50% of lien sales processed to project the number of bond titles that will be processed.

The Department does not anticipate this process will require additional personnel at this time. However, depending upon growth of this proposed program, additional personnel may be required in the future.

The proposed implementation date of 1/1/2018 cannot be met due to the estimated number of programming hours needed to complete the requirements. The Department estimates 1,035 contract-programming hours at \$100.00 per hour, totaling \$103,500. An additional 292 in-house programming hours will be needed to implement changes and will be absorbed by the Department.

The bill is effective upon passage and approval for adopting regulations and administrative tasks, and January 1, 2018 for all other purposes.

Name Cyndie Munoz

Title Administrator

#### GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Monday, April 03, 2017

The agency's response appears reasonable.

Name Paul Nicks

Title Budget Officer

**Basis for Calculation:**

- (1) The Department calculated the FY16 actual amount of lien sale transactions processed and projected growth based on demographer's growth rate. The lien sale transactions are the most closely related transactions resembling the proposed bond title process.
- (2) For FY17, lien sales are estimated to be 5,790. FY18 is based on 6 months as the bill becomes effective 1/1/2018.
- (3) The projected number of bond titles is based on 50% of lien sales.
- (4) The estimated processing cost for a bond title is \$91.75. The proposed increased fee amount is due to increased processing and tracking steps required.
- (5) State Demographer's growth rate used to project future growth, as follows: FY17 1.0%, FY18 1.1%, and FY19 1.0%.
- (6) Technology fees expire by limitation on 6/30/2020.
- (7) Regulation cost is based on 6 hours of review at \$50 per hour, for a total of \$300.

**Cost to Program the CARRS Application**

Contract Programmer Cost	\$100.00	1,035	\$103,500
--------------------------	----------	-------	-----------

**Summary of Totals PLEASE use formulas to calculate totals.**

Category	FY 16/17 (Based on FY16 Actuals)	FY 17/18	FY 18/19	Future Biennia (FY20 + FY21)
Bonded Title Fee Revenue	\$ -	\$ 134,322	\$ 271,305	\$ 542,610
Technology Fee	\$ -	\$ 1,464	\$ 2,957	\$ 2,957
Contract Programmer Hours		\$ (103,500)	\$ -	\$ -
Regulation Cost		\$ (300)		
Totals	\$ -	\$ 31,986	\$ 274,262	\$ 545,567