

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Transportation Committee

BILL: SB 872

SPONSOR: Senator Peaden

SUBJECT: Motor Vehicles/Mobile Homes

DATE: March 31, 2005

REVISED: 4/5/05

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Davis	Meyer	TR	Fav/2 amendments
2.			GE	
3.			TA	
4.				
5.				
6.				

## Please see last section for Summary of Amendments

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

### I. Summary:

Persons conducting motor vehicle title, license, and registration transactions must pay statutorily authorized service charges. These service charges have not been raised since 1985. According to bill proponents, the service charges are no longer sufficient to cover the costs of carrying out the tax collectors' duties as agents of the state.

The bill amends s. 319.32, F.S., to increase the \$4.25 charge for applications handled in connection with the issuance, duplication, or transfer of a title certificate to \$7.25. The bill also amends s. 320.04, F.S., to increase the \$2.50 charge for applications handled in connection with original issuance, duplicate issuance, or transfer of license plates, mobile home stickers, or validation stickers or with transfer or duplicate issuance of registration certificates to \$3.00.

In addition, the bill provides for three-year periodic adjustments of the service charges to reflect changes in the Consumer Price Index for all urban consumers published by the United States Department of Labor. Department of Highway Safety and Motor Vehicles (DHSMV) must make adjustments by rule on July 1 of each third year after July 1, 2005, using the most recent month for which data are available, and must round any increase to the nearest five cents. However, when making the calculation, the DHSMV is required to set the service charges at no less than the statutory amount and no more than the current service charge plus the increase in the Consumer Price Index or three percent, whichever is less.

The bill is expected to raise an additional \$26.3 million for local tax collectors, and an additional \$171,831 for state government.

This bill substantially amends sections 319.32 and 320.04 of the Florida Statutes.

## **II. Present Situation:**

In many counties, local tax collectors act as agents of DHSMV for the purposes of handling applications for the issuance, duplication or transfer of certificates of motor vehicle title, license plates, mobile home stickers, and registration stickers. Although the DHSMV handles many of these transactions, the majority are handled locally by the tax collectors. The law provides for a service charge to be retained by the entity handling these transactions. The assessment of a service charge is authorized in the following sections of the Florida Statutes:

Section 319.32 (2)(a), F.S., establishes a service charge of \$4.25 for each application handled in connection with the issuance, duplication, or transfer of any certificate of title.

Section 320.04 (1)(a), F.S., establishes a service charge of \$2.50 for each application handled in connection with original issuance, duplicate issuance, or transfer of any license plate, mobile home sticker, or validation sticker or with transfer or duplicate issuance of any registration certificate.

These service charges have not been raised since 1985, and according to representatives of the tax collectors office, employee, equipment and administrative costs have increased substantially over the last twenty years. These cost increases result from locally mandated salary increases, increases in the costs of providing benefits, worker's compensation and liability costs, increased costs of leasing office space, and increased postage costs. In addition, new duties are required of tax collectors, including anti-terrorism initiatives to combat fraud, which require additional steps in each title or registration transaction. Where the service charges are insufficient to cover the tax collector's administrative costs of acting as the state's agent, local resources must be used. These amounts have not been adjusted to reflect the actual administrative cost of the work since 1985 (See ss. 1 and 2, 85-324 L.O.F.).

## **III. Effect of Proposed Changes:**

The bill addresses the administrative cost increases incurred by local tax collectors while acting as state agents by raising certain service charges and providing an indexing mechanism to address future cost increases.

Specifically, the bill amends s. 319.32, F.S., to increase the \$4.25 charge for applications handled in connection with the issuance, duplication, or transfer of a title certificate to \$7.25. The bill also amends s. 320.04, F.S., to increase the \$2.50 charge for applications handled in connection with original issuance, duplicate issuance, or transfer of license plates, mobile home stickers, or validation stickers or with transfer or duplicate issuance of registration certificates to \$3.00.

In addition, the bill further amends ss. 319.32 and 320.04, F.S., to provide for three-year periodic adjustments of the service charges to reflect changes in the Consumer Price Index for all urban consumers published by the United States Department of Labor. The DHSMV must make adjustments by rule on July 1 of each third year after July 1, 2005, using the most recent month for which data are available, and must round any increase to the nearest five cents. However, when making the calculation, the DHSMV is required to set the service charges at no less than the statutory amount and no more than the current service charge plus the increase in the Consumer Price Index or three percent, whichever is less.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

Implementation of the provisions in this bill will increase fees as outlined previously in the analysis.

B. Private Sector Impact:

Persons requesting motor vehicle title, license and registration transactions will pay more for these services. The service charge for a title transaction will increase by \$3.00 and the service charge for a registration transaction will increase by \$.50. Under the provisions of the bill, those service charges are indexed for periodic adjustment, and could result in increases every three years.

C. Government Sector Impact:

According to DHSMV, this bill will generate an estimated additional \$26,519,921. Of that amount, \$26,348,090 would be retained by local tax collectors, and \$171,831 would be retained by the state. Of the state's portion, \$122,990 would be deposited into the General Revenue Fund and \$48,841 would be deposited into the Highway Safety Operating Trust Fund. Estimates are based on the number of title and registration transactions conducted by DHSMV and local tax collectors in fiscal year 2003-04 multiplied by the amount of increase in service charges proposed for those transactions.

Implementation of the provisions in this bill will require revisions to DHSMV forms and procedures, and computer programming modifications which would be absorbed within existing resources.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The DHSMV has requested changing the effective date to October 1, 2005, to allow sufficient time to implement programming changes.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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## VIII. Summary of Amendments:

**Barcode 360704 by Transportation:**

This amendment deletes a provision providing for adjustment of title transaction service charges every three years by rule of the DHSMV based on the Consumer Price Index published by the United States Department of Labor.

**Barcode 585866 by Transportation:**

This amendment deletes a provision providing for adjustment of registration transaction service charges every three years by rule of the DHSMV based on the Consumer Price Index published by the United States Department of Labor.

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