

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.)

BILL: SB 1402

SPONSOR: Senator Campbell

SUBJECT: Motor Vehicle Title Certificates

DATE: April 15, 2003

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Davis</u>	<u>Meyer</u>	<u>TR</u>	<u>Favorable</u>
2.	_____	_____	<u>GO</u>	_____
3.	_____	_____	<u>ATD</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Currently, the Department of Highway Safety and Motor Vehicles (DHSMV) must retain documentation presented by an applicant for title upon which the certificate of title is issued. Presently, there is no requirement in Florida Statutes establishing how long title records must be retained.

This bill requires DHSMV to retain all titles, manufacturers' statements of origin, applications, and supporting documents submitted with the application, including, but not limited to, odometer statements, vehicle identification number verifications, bills of sale, indicias of ownership, dealer reassignments, photographs, and any personal identification, affidavits, or documents required by or submitted to DHSMV for a period of not less than 10 years.

This bill substantially amends section 319.23 of the Florida Statutes

II. Present Situation:

Florida law provides an individual must apply for a registration and title whenever a new motor vehicle is purchased, a motor vehicle is brought into the state, or at any time the ownership of a motor vehicle changes. In order to title and register a motor vehicle an applicant is required to provide proof of ownership and proof of required insurance coverage written or countersigned by a Florida agent. An applicant is also required to purchase or transfer a license plate, record a lien if the vehicle is financed, and complete and sign the appropriate title application document.

Currently, s. 319.23(5), F.S., provides DHSMV must retain evidence of title presented by the applicant upon which the certificate of title is issued. Currently, there is no requirement in Florida Statutes establishing how long title records must be retained.

Listed below is a chronological history of DHSMV's title document retention practice:

- September, 2001 to present – Documents are not imaged, but may be retrieved from warehouse storage maintained by DHSMV in Tallahassee if the title issue date is nine months old or less. If the title issue date is more than nine months old the documents are stored in a warehouse maintained by PRIDE, in Sneads, Florida and may be retrieved from that facility.
- April, 2001 to September, 2001 – Florida title transfers and original used transaction title records are retrieved through the Cylex imaging system. Miscellaneous title transactions may be retrieved from the facility maintained by PRIDE.
- February, 1999 to April, 2001 – Florida title transfers, original used transactions and miscellaneous transaction title records were imaged and can be retrieved through the Cylex imaging system.
- Prior to February, 1999 - records were microfilmed and can be retrieved from the microfilm unit within DHSMV.

III. Effect of Proposed Changes:

This bill amends s. 319.23, F.S. to require DHSMV to retain all titles, manufacturers' statements of origin, applications, and supporting documents submitted with the application, including, but not limited to, odometer statements, vehicle identification number verifications, bills of sale, indicias of ownership, dealer reassignments, photographs, and any personal identification, affidavits, or documents required by or submitted to DHSMV for a period of not less than 10 years. Because current law does not specify a limitation on how long title documents must be maintained, the bill clarifies documents need not be retained indefinitely but only for 10 years.

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:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

According to DHSMV, they have been retaining title documents and storing them in warehouses since September 2001. For fiscal year 2002-2003, the cost to retain title documents will be \$137,391.

The projected cost of retaining documents is \$208,201 in 2003-2004.

VI. Technical Deficiencies:

None.

VII. Related Issues:

To comply to with the provisions of this bill, the department should evaluate the following alternatives:

The first alternative is to maintain the current method of document retention and retrieval, but extend the time period to ten years. Currently, DHSMV maintains evidence of title documents by using existing staff and leased warehouse space to store documents up to nine months from issuance, supplemented with a contractual agreement with PRIDE to store documents with issuance dates exceeding nine months. The current cost to maintain the contract with PRIDE is \$74,660 and the cost to maintain nine months of documents by the Department is \$62,731. By the tenth year, the annualized cost is projected to be \$814,681.

According to DHSMV physical storage of documents carries certain risks. Primarily, title documents stored up to ten years risk being damaged by fire or deterioration. Security concerns due to accessibility of physically stored documents are also an issue. In the event of a catastrophe or other type loss, there is no backup or replacement method. These risks do not exist or are severely mitigated with the electronic storage of title documents.

The second alternative calls for imaging and electronic retrieval of title documents via private contractor as performed in the past. DHSMV estimates that contracting with an outside vendor to image and electronically retrieve title documents, would result in an annual cost of \$1.2 million which would remain the same each year throughout the ten year cycle. The initial start up cost to implement this alternative is \$4.8 million required to convert two years of previously imaged documents and two years of physical title documents.

A third alternative would be to image and electronically retrieve title documents in-house by department staff. A very preliminary cost has been estimated to be about \$3.4 million over the ten year cycle. The department should continue to analyze the options and gather information to determine a more accurate cost to process in-house.

VIII. Amendments:

None.

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