

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 967

Title Document Retention

SPONSOR(S): Adams

TIED BILLS:

IDEN./SIM. BILLS: SB 1402

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Highway Safety (Sub)	9 Y, 0 N	Garner	Miller
2) Transportation & Economic Dev. Apps. (Sub)	18 Y, 0 N	Garner	Miller
3) Transportation & Econ. Dev. Apps. (Sub)	13 Y, 0 N	Darity	Hawkins
4) Appropriations			
5)			

SUMMARY ANALYSIS

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. Currently, there is no requirement in Florida Statutes establishing how long title records must be retained.

This bill requires DHSMV to retain title documents for a period of not less than 10 years.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0967d.ap.doc

DATE: April 16, 2003

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

Reduce government?

This bill requires DHSMV to store documents for 10 years. No such requirement currently exists.

B. EFFECT OF PROPOSED CHANGES:

Current Situation

Currently, s. 319.23(5), F.S., provides that Department of Highway Safety and Motor Vehicles (DHSMV) shall 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 the 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.

Effect of Proposed Changes

This bill amends s. 319.23, F.S. to require DHSMV to retain title documents 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 that documents need not be retained indefinitely but only for 10 years.

C. SECTION DIRECTORY:

Section 1. Amends s. 319.23, F.S., to require DHSMV to retain certain title documents for 10 years.

Section 2. Provides an effective date of July 1, 2003.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

According to the Department of Highway Safety and Motor Vehicles, they are currently implementing the provisions of this bill which requires the retention of title documents for 10 years. These costs are absorbed using existing resources. 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. Funding to cover this projected cost is included in the House General Appropriations Bill (HB1789).

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require cities or counties to spend funds or take actions requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

No exercise of rulemaking authority is necessary to implement the provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

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.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES