

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" 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:

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 limitation in Florida Statutes establishing how long title records must be retained, nor is a minimum amount of time specified.

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 document 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 document imaging system.
- Prior to February, 1999, records were microfilmed and can be retrieved from the microfilm unit within DHSMV.

Proponents of the bill maintain that instead of electronic records, the actual documents, or facsimiles of those documents, are necessary to prosecute certain auto theft and fraud cases.

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. In addition, the bill ensures that DHSMV will retain the documents for at least 10 years

The bill also specifies that certain supporting documents that are submitted with titles, manufacturers' statements of origin, and applications must also be retained. The supporting documents include, but are not limited to:

- Odometer statements;

- Vehicle identification number verifications;
- Bills of sale;
- Indicia of ownership;
- Dealer reassignments;
- Photographs; and
- Any personal identification, affidavits, or documents required by, or submitted to DHSMV.

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, 2004.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

As stated in the EFFECT OF PROPOSED CHANGES section above, DHSMV currently maintains evidence of title documents by using existing staff and leased warehouse space to store documents up to nine months from the time of title issuance. This method is supplemented by a contract with PRIDE to store the documents after nine months have passed since issuance of title. In Fiscal Year 2004/2005, DHSMV estimates that the PRIDE storage contract will cost \$250,000, while the cost to store documents itself for the first nine months will be \$38,340. This first nine months' cost excludes staff personnel costs. Under this method of document storage, by the tenth year, the annualized cost is projected to be \$778,033. By limiting the document storage requirement to only ten years, the bill likely prevents additional storage costs that would continue to mount in successive years if documents are retained indefinitely.

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:

DHSMV recommends utilizing an electronic imaging and retrieval system to store and manage title documents. Such an approach would be kept in-house and would utilize existing personnel. According to DHSMV, recurring costs under this approach would consist of annual purchase of disk storage media at an average of \$300,000 per year, and approximately \$10,000 per year in maintenance costs. DHSMV estimates the total first year costs for this approach would be \$664,231, which consists of one year of recurring costs plus the initial costs of purchasing document scanners, programming, software, and other miscellaneous expenses.

DHSMV asserts that physical storage of documents is not only costly, but exposes the documents to physical damage or destruction, particularly by fire or by age-related deterioration. Imaged documents also pose less security issues because they are not physically accessible, and they can be backed-up, thereby mitigating the potential for loss due to catastrophe or disaster.

DHSMV has also explored the possibility of utilizing a private contractor to digitally image and store documents for retrieval. This approach has been used in the past, and it is the opinion of DHSMV that the approach is cost-prohibitive.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES