

# 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: CS/SB 1172

SPONSOR: Transportation Committee and Senator Peaden

SUBJECT: Service Charge/Increases

DATE: March 30, 2004      REVISED: \_\_\_\_\_

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

**I. Summary:**

Persons conducting motor vehicle title, license, and registration transactions must pay statutorily authorized service charges. These service charges, which have not been raised since 1985, compensate local tax collectors, who act as agents of the state, for the administrative services they provide. According to CS 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 CS 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 \$7.00. The CS 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.

The CS is expected to raise an additional \$23.4 million for local tax collectors, and an additional \$118,006 for state government.

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

**II. Present Situation:**

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.

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 DHSMV handles a small number 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.

Currently, customers pay \$4.25 for each application handled in connection with the issuance, duplication, or transfer of any certificate of title. Additionally, customers must pay \$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 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 CS 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 \$7.00. The CS 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.

According to proponents, employee, equipment and administrative costs have increased substantially since 1985. 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, proponents cite 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.

The CS addresses the administrative cost increases incurred by local tax collectors while acting as state agents by raising certain service charges.

### **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:

This CS will result in an initial increase in the service charges paid by persons conducting motor vehicle title, licensing, and registration transactions. The service charge for a title transaction will increase from \$4.25 to \$7.00. The service charge for a registration transaction will increase from \$2.50 to \$3.00.

C. Government Sector Impact:

According to DHSMV, this CS will generate an estimated additional \$23,553,496. Of that amount, \$23,435,493 would be retained by local tax collectors, and \$118,006 would be retained by the state. Of the state's portion, \$68,943 would be deposited into the General Revenue Fund and \$49,063 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 2001-02 multiplied by the amount of increase in service charges proposed for those transactions. (Based on 5,182,633 title transactions at the additional \$2.75 in addition to 18,366,503 registration transactions at the additional \$.50 per transaction fee.)

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.