

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 314

SPONSOR: Senator Campbell

SUBJECT: Motor vehicle title certificates

DATE: April 13, 2004

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Eichin</u>	<u>Meyer</u>	<u>TR</u>	<u>Favorable</u>
2.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable</u>
3.	<u>Weaver</u>	<u>Kelly</u>	<u>ATD</u>	<u>Favorable</u>
4.	_____	_____	<u>AP</u>	<u>Withdrawn: Favorable</u>
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Currently, the Department of Highway Safety and Motor Vehicles (DHSMV) is required to retain supporting documentation presented by an applicant when applying for a motor vehicle title. The current statute does not specify the length of time the documentation must be retained by DHSMV.

This bill requires the DHSMV to retain, for a period of not less than 10 years, 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, indicia of ownership, dealer reassignments, photographs, and any personal identification, affidavits, or documents required by or submitted to the DHSMV.

This bill substantially amends s. 319.23 of the Florida Statutes.

II. Present Situation:

Generally, ch. 319, F.S., requires an individual to 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. The documentation is used by consumers in researching vehicle history and by law enforcement and the insurance industry in investigating auto theft and title fraud.

Currently, s. 319.23(5), F.S., provides that the DHSMV must retain evidence of title presented by the applicant upon which the certificate of title is issued. The current statute does not specify the length of time the documentation must be retained by DHSMV. In recent years, the method of retaining documents has varied. Listed below is a chronological history of the DHSMV's title document retention practice:

- Prior to February 1999 - records were microfilmed and retrieved from the microfilm unit within the DHSMV.
- February 1999 to April, 2001 – Florida title transfers, original used transactions and miscellaneous transaction title records were imaged and retrieved through the Cylex imaging system.
- April 2001 to September, 2001 – Florida title transfers and original used transaction title records were retrieved through the Cylex imaging system. Miscellaneous title transactions were retrieved from the facility maintained by PRIDE.
- September 2001 to present – Documents are not imaged, but may be retrieved from warehouse storage maintained by the 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 Capital Circle Commerce Park, LLC and may be retrieved from that facility.

III. Effect of Proposed Changes:

This bill amends s. 319.23, F.S. to require the 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, indicia of ownership, dealer reassignments, photographs, and any personal identification, affidavits, or documents required by or submitted to the DHSMV for a period of not less than 10 years. Current law does not specify how long title documents must be maintained. The retention of records is particularly important with respect to investigating auto theft and title fraud.

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:

The DHSMV has been retaining title documents and storing them in warehouses since September 2001. For fiscal year 2002-2003, the cost to retain title documents was \$137,391. The projected cost of retaining documents for Fiscal Years 2003-2004 and 2004-2005 is \$204,578 and \$167,383 respectively. DHSMV has a recurring appropriation of \$150,000 for securing leased warehouse space.

VI. Technical Deficiencies:

None.

VII. Related Issues:

To comply with the provisions of this bill efficiently, the DHSMV evaluated the following three alternatives:

Currently, DHSMV maintains evidence of title documents by using existing staff and leased warehouse space to store documents up to 10 years from title issuance. The lease space is a contractual agreement with Capital Circle Commerce Park, LLC, to store all ten years of title documents in one location. Excluding existing staff, the estimated cost to maintain the records for ten years is \$3,497,548.

The second and preferred approach would be to electronically image (or scan) title documents and store them in-house by the DHSMV through use of existing personnel. Recurring costs would consist of the purchase of additional disk storage annually, at an average cost of \$300,000 per year to accommodate title document volume, plus \$10,000 in maintenance costs. Total first year costs are estimated at \$664,231, which include initial non-recurring start up costs of \$400,231 to purchase two document scanners, programming, software and other expenses. Excluding existing staff, the estimated cost to maintain the records for ten years under this approach is \$3,444,231.

The third approach would be to electronically image and store title documents via private contractor as performed in the past. The DHSMV has explored this option and determined it to be cost prohibitive. Excluding existing staff, the estimated cost to maintain the records for ten years under this approach is \$16,800,000.

According to the DHSMV, there are risks associated with the physical storage of paper documents. Primarily, title documents are at risk of being damaged by fire or deterioration due to age. 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 effectively mitigated with the electronic storage of title documents which also greatly simplifies document retrieval.

VIII. Amendments:

None.

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