

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: February 20, 2004 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Eichin</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) 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 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 DHSMV.

This bill substantially amends section 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 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 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, indicia 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 how long title documents must be maintained, the bill clarifies documents must be retained for no less than 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, it has 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 efficiently, 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 nine months from issuance. Documents older than nine months are stored via contractual arrangement with PRIDE using a warehouse in Sneads, Florida. The 2004/05 fiscal year PRIDE storage contract is estimated to cost \$250,000, with the corresponding cost to maintain nine months of documents by DHSMV to be \$38,340, which excludes staff personnel costs for a total of \$288,340. By the tenth year, the annualized cost is projected to be \$778,033.

The second and preferred approach would be to electronically image (or scan) title documents and store them in-house by 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.

The third approach would be to electronically image and store title documents via private contractor as performed in the past. DHSMV has explored this option and determined it to be cost prohibitive.

According to 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.
