

# 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.)

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Prepared By: Transportation Committee

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BILL: SPB 7030

INTRODUCER: For consideration by Transportation Committee

SUBJECT: Agents of Highway Safety and Motor Vehicles Department

DATE: January 26, 2007

REVISED: \_\_\_\_\_

|    | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION             |
|----|---------|----------------|-----------|--------------------|
| 1. | Davis   | Meyer          |           | <b>Pre-meeting</b> |
| 2. |         |                |           |                    |
| 3. |         |                |           |                    |
| 4. |         |                |           |                    |
| 5. |         |                |           |                    |
| 6. |         |                |           |                    |

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## I. Summary:

This proposed committee bill codifies two of the recommendations of the Senate Interim Project Report 2007-138, "Services Provided by License Tag Agents."

The proposed committee bill specifically authorizes license tag agents to process motor vehicle and vessel titles and registrations. In addition, license tag agents must keep a full and complete record and account of all validation stickers, vessel decals, or other properties received from the Department of Highway Safety and Motor Vehicles (department) or from any other source.

The proposed committee bill prohibits employees of Florida tax collectors or license tag agents from additional employment with any business whose main function is to process vehicle or vessel titles and registrations.

This bill substantially amends ss. 320.03 and 328.73 of the Florida Statutes.

## II. Present Situation:

### Vehicle and Vessel Titles and Registrations

Vehicle and vessel titles and registrations are important legal documents.

A certificate of title is the proof of ownership to a motor vehicle or vessel and provides protection from the owner and the lienholder, if any. Titles are recorded to protect ownership rights in a vehicle or vessel. In addition, a title is a secure, negotiable legal document that provides prima facie evidence of ownership and a means for the conveyance of ownership rights

to another person. Titles also contain all of the pertinent information required to positively identify a vehicle or vessel.

A registration is proof of who is responsible for the motor vehicle or vessel through evidence of having paid the applicable registration tax and fees. Registrations authorize the driving public to use vehicles and vessels on Florida's roads and waterways. According to the National Highway Traffic Safety Administration (NHTSA), the system of motor vehicle registrations which is carried out in the various states serves multiple purposes, foremost of which are:

- to raise revenue; and
- to identify, for law enforcement purposes, the vehicles traveling our highways. A vehicle's license plate provides law enforcement with a means of determining ownership, vehicle make, model, year of manufacture, and other items, all or any of which may prove instrumental in conducting law enforcement activities.

According to the department, there were 15.3 million persons holding Florida drivers' licenses and 16.6 million motor vehicles and vessels titled and registered in Florida during fiscal year 2004-2005. The Florida legislature has enacted laws requiring each motor vehicle and vessel to be titled and registered and has given the department the responsibility for registering and titling vehicles. Most vehicles and vessels subject to registration are required to have a title and the department may not register a vehicle or vessel unless the owner also applies for a title or provides proof a title has been previously issued to him or her for that vehicle or vessel.

In performing its responsibilities to title and register vehicles and vessels, the department has been authorized to use Florida's 67 tax collectors as its agents. Ten of those tax collectors have subcontracted a portion of the work to private vendors known as private tag agents or license tag agents.

### **Florida Tax Collectors**

Chapter 320, F.S., provides the law for registration of motor vehicles and mobile homes. Chapter 328, F.S., provides the laws for the registration of vessels. The tax collectors are authorized under statute and rule to implement the statutory and regulatory requirements for the registration of vehicles and vessels and the issuance of various indicia of ownership as set forth by the department.

Sections 320.03(1) and 328.73, F.S., respectively, provide county tax collectors are deemed agents of the state for the purpose of collecting fees, entering tag and title information, issuing license plates and registration stickers, and vessel numbers. As an agent for the department, the tax collector is responsible for issuance of automobile license plates/decals, mobile home decals, disabled persons parking permits, vessel decals and title applications, where applicable. The tax collector is responsible for maintenance of records, reporting sales, accounting for inventory and dispersing monies collected in a timely manner to the department.

### **License Tag Agents**

Section 320.03 (4)(a), F.S., allows license tag agents to have access to the department's on-line computer system for the purpose of processing vehicle title and registration transactions for the department. Chapter 328, F.S., does not specifically authorize license tag agents to process vessel title and registration transactions for the department; however, some tax collectors who contract with license tag agents allow those license tag agents to process vessel title and registration transactions for the department.

Ten of the tax collectors have contracted with private tag agents to process vehicle and vessel title and registration transactions. Those tax collectors are from Broward, Collier, Miami-Dade, Hillsborough, Jefferson, Leon, Pinellas, Polk, Taylor, and Volusia counties. These ten tax collectors have contracted with 41 private tag agents. Many of the transactions processed by the license tag agents are from businesses which require voluminous title and registration services (such as vehicle dealers and fleet owners). These private tag agencies contract with the county and are authorized to charge fees which are in addition to state and county fees. The additional fees range anywhere from \$2 to \$25 for services rendered.

In addition to the contract between the tax collector and the license tag agents, the department also requires each tax collector and license tag agent to enter into a contract with the department relating to access to Florida Realtime Vehicle Information System (FRVIS) equipment and software.

### **Interim Project Report 2007-138: *Services Provided by License Tag Agents***

Due to the fact license tag agents deal with the public in carrying out critical work relating to vehicle and vessel titles and registrations, and because of the proliferation of their services throughout the state, in 2006, the Senate conducted an interim project (2007-138) to review the authority and responsibilities of license tag agents. The purpose of the report was to determine if accountability and standardization measures may be needed to prevent any potential problems that could arise in the future.

The interim project found most of the concerns voiced by stakeholders have largely been addressed. Listed below are the findings of the remaining concerns identified in the interim project:

- Requiring disclosure of the license tag agency fee;
- Requiring notification to the tax collector by a license tag agency wanting to operate in that tax collector's particular county; and lastly
- Prohibiting the potential conflict of interest where license tag agency employees also serve as clerks of an automobile dealership where they prepare the title and registration applications, and then later submit those applications for processing by either another employee of the license tag agency or an affiliated license tag agency.

The interim project provided the following three recommendations to address those findings:

- The department should contractually address the following issues with license tag agents to ensure they are subject to the same security, oversight, and audit requirements as tax collectors:

- ❖ Full disclosure of fees to the public;
  - ❖ Maintenance of records, reporting of sales, accounting for inventory, and dispersing of monies; and
  - ❖ Notification provided to tax collectors by license tag agents operating in the tax collector's county.
- The Legislature should consider legislation to amend ch. 328, F.S., to allow license tag agents to process vessel title and registration applications.
  - The Legislature should consider legislation to prohibit employees of tax collectors and license tag agencies from preparing applications for vehicle title and registration as employees of motor vehicle dealers.

### **Effect of Proposed Changes:**

Section 1 amends s. 320.03, F.S., to:

- authorize license tag agents to issue motor vehicle registration certificates, license plates, validation stickers, and mobile home stickers to applicants, subject to the requirements of law, in accordance with rules of the department;
- require license tag agents to keep a full and complete record and account of all validation stickers, mobile home stickers, or other properties received by him or her from the department, or from any other source; and
- prohibit employees of Florida tax collectors or license tag agents from additional employment with any business whose main function is to process motor vehicle titles and registrations to remove any possible conflicts of interest.

Section 2 amends s. 328.73, F.S., to:

- authorize license tag agents to issue vessel registration certificates and vessel numbers and decals to applicants, subject to the requirements of law and in accordance with rules of the department;
- require license tag agents to keep a full and complete record and account of all vessel decals or other properties received by him or her from the department or from any other source; and
- prohibit employees of Florida tax collectors or license tag agents from additional employment with any business whose main function is to process vessel titles and registrations to remove any possible conflicts of interest.

Section 3 provides an effective date of July 1, 2007.

### **III. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**IV. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Tax Collector or license tag agent employees will not be able to contract or be employed with entities that prepare the applications or request the processing of motor vehicle or vessel titles and registrations.

C. Government Sector Impact:

None.

**V. Technical Deficiencies:**

None.

**VI. Related Issues:**

None.



## **VII. Summary of Amendments:**

None.

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

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