

Fiscal Note Request HB0752, As Introduced

(continued)

4. This bill increases the fee for filing a lien on a motor vehicle to \$9.00, with \$4.00 continuing to be distributed to the state general fund, \$4.00 to the motor vehicle information technology system, and the \$1.00 increase to the court information technology improvement program account provided for in section 5 of the bill.
5. In FY 2004, 184,317 lien filing fees were collected (\$737,268 state general fund revenues / \$4.00 per lien filing fee).
6. Calendar year 2004 information from the Department of Justice (DOJ) shows that lien filing fees in the first half of FY 2005 has declined. For purposes of this fiscal note, the amount of lien filing fees are held constant at 184,317.
7. There would be no change in the revenues for the state general fund and the motor vehicle information technology system account.
8. Revenues for the court information technology improvement program account generated by the increase in the fee for lien filing transactions would be a half-year amount of approximately \$92,158 (184,317 x \$1.00 x 50%) in FY 2006, and a commensurate full year amount of \$184,317 (184,317 x \$1.00) in FY 2007.
9. Under present law, there is a \$10.00 fee for an original certificate of title, or a replacement title. Revenue from this fee is distributed \$5.00 to the state general fund and \$5.00 to the motor vehicle information technology system account. The \$10.00 fee for a new certificate of title without the security interest or lien shown on the face of the title is distributed fully to the motor vehicle information technology system account.
10. HB 752 increases title fees by \$1.00, and distributes that amount to the court information technology improvement program account.
11. In FY 2004, it is estimated that approximately 450,000 title fee transactions were collected.
12. Assuming the rate of increase in the number of motor vehicle titling transactions continues at the rate of two percent (2%) per year, it is projected that 468,180 (450,000 x 102% ^ 2) titling transactions will occur in FY 2006, and 477,544 (468,180 x 102%) will occur in FY 2007.
13. Under the proposal, because the distribution amounts to the general fund and the motor vehicle information technology system account remain the same, future revenues also should remain constant.
14. The \$1.00 increase on title transactions is estimated to generate \$234,090 (468,180 x \$1.00 x 50% for a half year) in FY 2006, and \$477,544 (477,544 x \$1.00) in FY 2007.
15. Revenue to the state special revenues account for the court information technology improvement program is estimated to increase by \$326,248 (\$92,158 + \$234,090) in FY 2006 and \$652,497 (\$184,317 + \$468,180) in FY 2007.
16. One time start up operating costs in FY 2006 for the Department of Justice would be \$4,675 for computer programming, requirements analysis and design, testing and implementation (an estimated 38 hours) and computer time usage (equivalent to an estimated 5 days).

Judiciary

17. This bill authorizes a loan for court information technology projects from the Board of Investments for an amount up to \$3.1 million. The loan proceeds will be deposited in the capital projects fund.
18. This bill provides for \$3.1 million of expenditure authority out of the capital projects fund. Expenditures for court information technology projects will be made from the loan proceeds in the capital projects funds.
19. Repayment of the loan will begin in FY 2007 and will be paid from the fees deposited in the court information technology improvement program account in the state special revenue fund. Total loan payments (principal and interest) in FY 2007 are estimated to be \$664,079.

Department of Commerce – Board of Investments

20. HB 752 authorizes a \$3.1 million loan from the Board of Investments (Board) to the Supreme Court for the purposes of upgrading and improving the information technology (IT) needs of the Judicial Branch.

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(continued)

21. The Board of Investments operates under the “Prudent Expert” principle and before any loan could be made the board would have to determine whether the loan contemplated in the bill would be prudent.
22. The loans authorized in Section 1 would be made through the Board’s INTERCAP Program. The INTERCAP Program sells tax–exempt bonds and loans the bond proceeds to eligible governments, including local and state agencies. The bonds are remarketed annually in March and the interest rates paid by INTERCAP borrowers are directly tied to the interest rates paid to bond holders. The current rate to borrowers is 2.7 percent, but the rate is anticipated to increase as the Federal Reserve Board continues to increase short-term interest rates.
23. For the purposes of this fiscal note it is assumed HB 752 would be approved by a two-thirds vote of the members of each house of the legislature.
24. There would be no fiscal impact to the Department of Commerce.

FISCAL IMPACT:

| | <u>FY 2006</u> <u>Difference</u> | <u>FY 2007</u> <u>Difference</u> |
|-----------------------------------|-------------------------------------|-------------------------------------|
| <u>Expenditures:</u> | | |
| Operating Expenses – Justice IT | 4,675 | 0 |
| Operating Expenses – Judiciary IT | 3,079,000 | 0 |
| Debt Service | <u>0</u> | <u>664,079</u> |
| TOTAL | \$3,083,675 | \$685,203 |

Funding of Expenditures:

| | | |
|----------------------------|------------------|-----------|
| General Fund (01) | \$4,675 | \$0 |
| State Special Revenue (02) | 0 | 664,079 |
| Capital Projects | <u>3,079,000</u> | <u>0</u> |
| TOTAL | \$3,083,675 | \$664,079 |

Revenues:

| | | |
|----------------------------|-------------|-----------|
| State Special Revenue (02) | \$326,248 | \$652,497 |
| Capital Projects | \$3,079,000 | \$0 |

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

| | | |
|----------------------------|-----------|------------|
| General Fund (01) | \$4,675 | \$0 |
| State Special Revenue (02) | \$326,248 | (\$11,582) |
| Capital Projects | \$0 | \$0 |

LONG-RANGE IMPACTS:

The additional revenue from the proposal would continue into future years. The provisions of this bill terminate June 30, 2011, which coincides with final payment of the loan.

TECHNICAL NOTES:

1. SB 285 is a proposal that significantly amends motor vehicle statute, including fee and tax statutes. If both SB 285 and HB 752 pass, coordination language would be necessary.
2. HB 671 is a proposal that significantly amends motor vehicle statute, including fee and tax statutes. If both HB 671 and HB 752 pass, coordination language would be necessary.

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3. It should be noted that changes made to the mainframe legacy system as a result of legislative changes, might also need to be made to the (new) system that may result in additional costs.
4. Department of Justice believes additional costs could be incurred if changes are necessary for the mainframe legacy system as a result of legislative changes.