

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 201 Motor Vehicle Service Charges
SPONSOR(S): Littlefield
TIED BILLS: **IDEN./SIM. BILLS:** SB 1172

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Transportation		Garner	Miller
2) Finance & Tax			
3) Appropriations			
4) _____			
5) _____			

SUMMARY ANALYSIS

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 bill proponents, the service charges are no longer sufficient to cover the costs of carrying out the tax collectors' duties as agents of the state.

HB 201 raises the \$4.25 charge for applications handled in connection with the issuance, duplication, or transfer of a title certificate to \$7.00. The bill also raises 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.

In addition, the bill provides for three-year periodic adjustments of the service charges to reflect changes in the Consumer Price Index for all urban consumers published by the United States Department of Labor. The Department of Highway Safety and Motor Vehicles must make the adjustments by rule on July 1 of each third year after July 1, 2004, using the most recent month for which data are available, and must round any increase to the nearest five cents.

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

This document does not reflect the intent or official position of the bill sponsor or House of Representatives .

STORAGE NAME h0201.tr.doc
DATE February 4, 2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

Lower taxes?

The bill raises service charges paid when a customer conducts motor vehicle title, licensing, and registration transactions. The charges are indexed to be adjusted every three years based on the Consumer Price Index published by the United States Department of Labor. To the extent that these service charges can be considered fees or taxes, the bill tends to increase, rather than decrease, taxes.

B. EFFECT OF PROPOSED CHANGES:

Local tax collectors act as agents of the Department of Highway Safety and Motor Vehicles (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 that is to be retained by the entity handling these transactions.

Currently, customers pay \$4.25 for each application that is handled in connection with the issuance, duplication, or transfer of any certificate of title. Additionally, customers must pay \$2.50 for each application that is 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.).

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 that 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.

Bill proponents cite the following as some of the additional duties that tax collectors have been required to assume since the last adjustment of the service charges in 1985:

- Issuance of trailer ID numbers;
- Fast title issuance;
- Grading of titles;
- Issuance of specialty license plates;
- Issuance of personalized license plates;
- Printing of registration renewal decals'

- Processing of title corrections and cancellations;
- Issuance of electronic liens and titles;
- Supervised processing of vessel titles and registrations;
- Issuance of temporary tags to motor vehicle dealers;
- Issuance of certificates of destruction;
- Determination of mobile home locations within parks and assessment of additional fees.

HB 201 addresses the administrative cost increases incurred by local tax collectors while acting as state agents by raising certain service charges and providing an indexing mechanism to address future cost increases.

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In addition, the bill provides for three-year periodic adjustments of the service charges to reflect changes in the Consumer Price Index for all urban consumers published by the United States Department of Labor. The DHSMV must make the adjustments by rule on July 1 of each third year after July 1, 2004, using the most recent month for which data are available, and must round any increase to the nearest five cents.

C. SECTION DIRECTORY:

Section 1. Amends s. 319.32, F.S., adjusting the service charge for applications handled in connection with the issuance, duplication, or transfer of certificates of title.

Section 2. Amends s. 320.04, F.S., adjusting the service charge for applications handled in connection with original issuance, duplicate issuance, or transfer of license plates, mobile home stickers, or validation stickers or with transfers or duplicate issuance of registration certificates, and providing for periodic adjustment of the service charges based on the Consumer Price Index.

Section 3. Provides an effective date of July 1, 2004.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS section, below.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See FISCAL COMMENTS section, below.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Passage of HB 201 will result in an initial increase in the service charges paid by persons conducting motor vehicle title, licensing, and registration transactions. Under the provisions of the bill, those service charges are indexed for periodic adjustment, and could result in increases every three years.

D. FISCAL COMMENTS:

According to DHSMV, HB 201 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.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill provides authority to the Department of Highway Safety and Motor Vehicles to increase certain service charges periodically based upon the Consumer Price Index for all urban consumers published by the United States Department of Labor. The department is required to adopt rules to carry out these adjustments.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES