

Appendix H: Fiscal Estimates from TWRA and Department of Revenue for Boat Titling System

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DRAFT SUPPORT FORM

* Denotes required field.

1. General Information

*Bill or Amendment Number(s): TACIR Titling Boats Bill 2

- Original Bill X
- Corrected Bill
- Amendment(s)
- Corrected Amendment(s)

*Drafting Code(s): No Drafting Code

*Department: Revenue

*Date: 11/7/17

*Preparer: Kirk Johnson

*Phone: 615-741-4600

*Preparer's E-mail (hit return to make hyperlink): kirk.johnson@tn.gov

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2. *Explain specifically how this bill or amendment will impact your department or programs.

This bill is similar to Connecticut's law. Under Connecticut's law, all motorboats and all sailboats 19.5 feet in length or longer are required to be titled if they have a model year or construction date of 2017 or later; are registered in Connecticut where Connecticut is identified as the state of principal use; and are not documented with the United States Coast Guard or titled in another state. It is assumed that the Tennessee bill would have the similar requirements and that the model year or construction date would be 2020.

The Tennessee Advisory Commission on Intergovernmental Relations (TACIR) provided to the Department of Revenue the information below on boat registrations obtained from the Tennessee Wildlife Resources Agency (TWRA):

- Current Registrations as of December 31, 2016: 254,480
- New Registrations in 2016: 17,675
- Registrations Transferred in 2016: 26,675

It is not known how many of the new registrations are due to the purchase of new boats.

Under the bill, TWRA would continue to register boats.

Regarding the fiscal impact of this bill, this support form addresses only the state expenditures required by the Department of Revenue to implement and administer the bill.

3. State Fiscal Impacts (Boxes will expand as information is typed.)

Increase State Expenditures

| Fiscal Year | One-Time | Recurring | Fund Affected |
|-------------|-----------|-----------|---------------|
| First Year | \$332,182 | \$777,601 | |
| | | | |
| | | | |

*And subsequent years. Includes recurring costs from first year.

Decrease State Expenditures

| Fiscal Year | One-Time | Recurring | Fund Affected |
|-------------|----------|-----------|---------------|
| | | | |
| | | | |
| | | | |

Increase State Revenue

| Fiscal Year | One-Time | Recurring | Fund Affected |
|-------------|----------|-----------|---------------|
| | | | |
| | | | |
| | | | |

Decrease State Revenue

| Fiscal Year | One-Time | Recurring | Fund Affected |
|-------------|----------|-----------|---------------|
| | | | |
| | | | |
| | | | |

If state revenue is forgone, denote amount, fiscal year(s) and explain why the department believes it is forgone as opposed to a decrease:

If the dollar amount or source of funding will change beyond the first two fiscal years, please state the change:

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4. Local Fiscal Impacts

Increase Local Expenditures

| Fiscal Year | One-Time | | Recurring | |
|-------------|-----------|------------|-----------|------------|
| | Mandatory | Permissive | Mandatory | Permissive |
| | | | | |
| | | | | |
| | | | | |

Decrease Local Expenditures

| Fiscal Year | One-Time | | Recurring | |
|-------------|-----------|------------|-----------|------------|
| | Mandatory | Permissive | Mandatory | Permissive |
| | | | | |
| | | | | |
| | | | | |

Increase Local Revenue

| Fiscal Year | One-Time | | Recurring | |
|-------------|-----------|------------|-----------|------------|
| | Mandatory | Permissive | Mandatory | Permissive |
| | | | | |
| | | | | |
| | | | | |

Decrease Local Revenue

| Fiscal Year | One-Time | | Recurring | |
|-------------|-----------|------------|-----------|------------|
| | Mandatory | Permissive | Mandatory | Permissive |
| | | | | |
| | | | | |
| | | | | |

Additional Explanation of local impact if desired:

If local revenue is forgone, denote amount, fiscal year(s) and explain why the department believes it is forgone as opposed to a decrease:

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5. Federal Fiscal Impacts

Increase Federal Expenditures

| Fiscal Year | One-Time | Recurring | Fund Affected |
|-------------|----------|-----------|---------------|
| | | | |
| | | | |
| | | | |

Identify which federal programs these funds are attached to:

If the dollar amount or source of funding will change beyond the first two fiscal years, please state the change:

Decrease Federal Expenditures

| Fiscal Year | One-Time | Recurring | Fund Affected |
|-------------|----------|-----------|---------------|
| | | | |
| | | | |
| | | | |

Identify which federal programs these funds are attached to:

If the dollar amount or source of funding will change beyond the first two fiscal years, please state the change:

Increase Federal Revenue

| Fiscal Year | One-Time | Recurring | Fund Affected |
|-------------|----------|-----------|---------------|
| | | | |
| | | | |
| | | | |

Identify which federal programs these funds are attached to:

If the dollar amount or source of funding will change beyond the first two fiscal years, please state the change:

Decrease Federal Revenue

| Fiscal Year | One-Time | Recurring | Fund Affected |
|--------------------|-----------------|------------------|----------------------|
| | | | |
| | | | |
| | | | |

Identify which federal programs these funds are attached to:

If the dollar amount or source of funding will change beyond the first two fiscal years, please state the change:

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6. Other Fiscal Impacts (If the impact cannot be placed into the above fields, is not specifically quantifiable, is a cost avoidance, or if additional information is needed to explain the fiscal impact(s) use the space below):

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7. *Assumptions Used to Determine Fiscal Impact/Breakdown of Impact: (Indicate number and type of positions; show personnel costs, benefits, supplies, equipment, travel, etc. Attach copies of worksheets, if needed. Include assumptions for zero impacts).

Below are the staffing needs of Vehicle Services:

First Year

| Job Title | Enter # of positions | Base Monthly Salary | Annual Salary | Annual Benefits | Position Total |
|---------------|----------------------|---------------------|------------------|------------------|------------------|
| VS Manager | 1 | \$5,065 | \$60,780 | \$19,782 | \$80,562 |
| VS Supervisor | 1 | \$3,968 | \$47,616 | \$16,796 | \$64,412 |
| VSR 3 | 6 | \$3,265 | \$235,080 | \$89,298 | \$324,378 |
| TOTAL | 8 | | \$343,476 | \$125,876 | \$469,352 |

In addition, in the first year, there will be a one-time expenditure of \$30,400 and a recurring expenditure of \$50,400 for telecommunications, supplies, space, and training.

Business Information Systems provided the estimates below:

| | |
|------------------------|------------------|
| Project Start-Up Costs | \$50,000 |
| Testing | \$25,000 |
| Implementation | \$100,000 |
| Total | \$175,000 |

In addition, there will be an annual fee of \$25,000 for maintenance and support.

STS estimates a one-time cost of \$126,782 and a recurring cost of \$232,849 for infrastructure, network, and support.

In summary, total one-time costs are \$332,182 (30,400 + 175,000 + 126,782) and total recurring costs are \$777,601 (469,352 + 50,400 + 25,000 + 232,849).

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8. *Is funding for this legislation included in the Governor’s proposed budget?

Yes No

Amount Included if different from estimated cost \$ _____

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9. Explanation of Abbreviations Used:

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10. Additional Comments by Preparer:

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11. List Other State Departments/Agencies Fiscally Affected by this Bill or Amendment:

Tennessee Wildlife Resources Agency (TWRA)

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12. List Bills from Previous Sessions which are Identical/Similar to this Bill or Amendment:

- 2007 – SB0784/HB1921
- 2004 – SB3118/HB3428
- 2001 – HB0243/SB1784
- 1999 – HB0819/SB0885
- 1999 – SB0636/HB0959
- 1997 – SB0385/HB1120
- 1997 – SB1009/HB1501
- 1995 – HB0217/SB0470

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***Commissioner’s Signature or Designee:**

Boat Titling Proposal

Assumptions:

- Approximately 587,000 vessels held current registrations in 2017.

| Registrations | class |
|---------------|------------------------------|
| 295,771 | A - up to 16ft |
| 267,273 | 16ft - 1in up to 25ft - 11in |
| 17,420 | 26ft up to 39ft - 11in |
| 6,700 | 40ft in length or greater |

- Approximately 44,000 boats were purchased or transferred in 2017.
- Approximately 84,000 boat renewals in 2017.
- 5% of all boats receive a duplicate title.
- 5% of all boats have a new lien each year.
- 2% of all boats require a new title due to an invalid or destroyed Hull Identification Number (HIN).
- 10% of all boats would request a voluntary title

| | | | Revenue Division | Transaction Fee (.79) | Production and Mailing | Total |
|--|---------|--|------------------|-----------------------|------------------------|--------------|
| Approximate Number of Titles to be issued under Bill 1 | | | | | | |
| First year: | 326,360 | Initial year cost for revenue employee processing: | \$425,188.03 | \$257,824.53 | \$226,267.53 | \$909,280.09 |
| Following years: | 58,700 | Annual cost for revenue employee processing: | \$103,438.03 | \$46,373.00 | \$36,793.16 | \$186,604.19 |
| Approximate Number of Titles to be issued under Bill 2 | | | | | | |
| | 58,700 | Annual cost for revenue employee processing: | \$103,438.03 | \$46,373.00 | \$36,793.16 | \$186,604.19 |
| Approximate Number of Titles to be issued under Bill 3 | | | | | | |
| First year: | 58,700 | Initial year cost for revenue employee processing: | \$103,438.03 | \$46,373.00 | \$36,793.16 | \$186,604.19 |
| Following years: | 4,400 | Annual cost for revenue employee processing: | \$6,321.22 | \$3,476.00 | \$2,757.92 | \$12,555.14 |

Additional Assumptions:

For all Bill proposal options, title information will need to be managed in our REAL system, thus requiring a transaction fee per title document entered. We assume this cost will mirror our current transaction fee schedule for boat registrations which is \$0.79.

The total number of titles required for each of the following years should mirror our current annual registration average which is 44,000.

For Bill #1, the total number of titles required for the first year will be all boats over 16' and include what we assume will be required for duplications for HIN errors and Liens.

For Bill #1, we assume an increased labor requirement consisting of 11 temporary employees and 3 permanent employees for the first year with the 3 permanent employees remaining thereafter.

For Bill #2, we assume an increased labor requirement consisting of 3 permanent employees.

For Bill #3, we assume an increased labor requirement for only the first year consisting of 3 temporary employees.

For Bill #3, we assume 10% of customers will volunteer to title their boat.