



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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<b>Bill Number:</b>	H. 5089	As signed by the Governor on June 5, 2016
<b>Author:</b>	Daning	
<b>Subject:</b>	Liens recorded against motor vehicles; mobile homes	
<b>Requestor:</b>	House of Representatives	
<b>RFA Analyst(s):</b>	Williams	
<b>Impact Date:</b>	October 13, 2016	

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**Estimate of Fiscal Impact**

	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	Undetermined
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	Undetermined
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill would have no expenditure or revenue impact on the General Fund or Federal Funds. The expenditure and revenue impact on Other Funds is undetermined.

**Explanation of Fiscal Impact**

**Explanation of Amendment by the House of Representatives on April 26, 2016**

**State Expenditure**

The bill as amended requires that businesses and commercial lienholders, who are regularly engaged in selling or financing motor vehicles, use the Department of Motor Vehicles' (DMV) electronic filing system to transmit and retrieve lien information. The bill's implementation date is 120 days after February 1, 2017.

The filing system, known as the Electronic Title and Lien System (ELT), already exists, but its use by licensed motor vehicle dealers and commercial lending entities before enactment of this legislation was permissive. Making its use mandatory for the specified businesses should improve DMV's efficiency in processing and maintaining lien data. The amount of savings that may be achieved through increased efficiency is undetermined, because data from which to estimate the relevant transactional cost, or to estimate the change in the number of transactions that will be processed electronically was not provided by DMV at the time of this statement. Therefore, the expenditure impact on Other Funds is undetermined. The bill would not have an expenditure impact on the General Fund or Federal Funds.

**State Revenue**

Section 56-19-265(D) authorizes DMV to collect a transaction fee, up to five dollars, from commercial entities using the ELT system to transmit or retrieve lien information. Before enactment of this legislation, use of the ELT system was permissive. Now that the use of the ELT system is mandatory for businesses and commercial lienholders who are regularly engaged in selling or financing motor vehicles, the ELT system should generate additional revenue for the State Highway Fund. The revenue impact is undetermined as of this statement. Act 265 of 2016 redirected, among other fees and fines, the revenue generated from the ELT transaction fee to the State Highway Fund.

**Department of Motor Vehicles.** The Department of Motor Vehicles indicates that this bill would generate additional revenue as a result of mandating use of the ELT system by commercial entities who either transmit or retrieve lien data from DMV. Information regarding the imposition and amount of a fee, and the present or projected level of transactions processed through the ELT system by commercial entities was not provided by DMV. Thus, the revenue impact is undetermined as of this statement.

**Local Expenditure**

N/A

**Local Revenue**

N/A

**Explanation of Bill Filed on March 10, 2016****State Expenditure**

This bill makes procedural changes relating to liens recorded against motor vehicles and motor homes. These changes require that liens recorded against motor vehicles and motor homes must be noted on a printed title or electronically through the Department of Motor Vehicles' Electronic Title and Lien (ELT) system. Transactions relating to the filing of and service of liens must be done so electronically for business entities who are subject to certain fees, and the use of a continuation statement can be filed to avoid a lapse in the effectiveness of the lien.

**Department of Motor Vehicles.** The Department of Motor Vehicles indicates that this bill would have minimal impact. Additional costs to the South Carolina ELT program can be absorbed within current appropriations.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director