

Talking Points SB241

Major Legislative Accomplishment

- Most significant change to TTF since its inception in 1996.
- In the past, the General Assembly approved TTF fees 2 years at a time; this was the legislature's way of saying "We will see how this works out".
- In the past, the General Assembly (and Executive Branch) used TTF proceeds to fund budget shortfalls.
- Legitimate privacy issues were raised regarding personal data on the Internet.
- Under the existing law, no one really knew how much money, if any, would be available in future years.
- Clerks need and want automation in other areas of your offices, not just land records; users (realtors, bankers, title examiners, etc.) had supported the existing fee because it was limited to automation of land records only.
- ALL of these issues were addressed and resolved in SB241!
- SUNSET REMOVED! SB241 removed the automatic expiration – the Sunset Provision – of the TTF. Clerks do not need to worry about continued funding of technology.
- Removes last remaining roadblocks to success in automating land records.
- Removal of the "Sunset" provision means that the General Assembly no longer considers this a pilot or trial program.
- SB241 clearly states the intent of the General Assembly: All Circuit Court Clerks are "... to provide secure remote access to land records on or before July 1, 2006."
- Remember, the privacy issues raised were addressed in Senator Devolites' subcommittee; provisions of SB241 address this issue by requiring SECURE remote access as well as self-certification to VITA and the Compensation Board regarding security

Legislation is the art of compromise

- No one ever gets everything they want.
- Trade-offs resulted in the final version of SB241.
- Clerks wanted to spend TTF money on technology improvements in criminal, civil and chancery divisions. However,
- General Assembly (and users) wanted to ensure that Clerks were ready to provide secure remote access to land records BEFORE any TTF money was spent for technology in other areas.
- Trade-off: If you want to spend TTF money for technology improvements in the civil, chancery and criminal areas, you must certify annually to the Compensation Board that your "... proposed

technology improvements of (your) land records will accommodate secure remote access to (your) land records on a statewide basis.” If you have implemented your plan and are capable of providing secure remote access to your land records, then you may ask for TTF money for technology applications in the other divisions of your offices.

- Another Trade-off: You, or your vendor, must certify compliance to the Compensation Board and VITA that you meet all VITA security standards.
- No use of TTF money for personnel. House members who proposed this amendment expressed concerns over continued “raids” of TTF money for other uses and saw this amendment as a means of preventing raids. While we recognize that this provision may create difficulties for some, it was a key provision for the House, so compromise was appropriate.
- BUT ... the Budget Bill, which prevails over SB241, transfers \$1.49 million each year from the TTF to operating budgets to plug a \$1.49 million hole, AND, it transfers \$231,393 the first year and \$115,698 the second year to the GF

What's Next?

- Per 2.2-3808.2 B, you will need to post on your website a list of documents on your website. We have asked VITA to provide you with a template.
- In the first week of August, you will get the standard Compensation Board TTF budget submission instructions. In the instructions, you will be provided with:
 - A. A form to certify your compliance with VITA security standards.
 - B. A form to certify to the Compensation Board that your land records technology improvements will accommodate secure remote access.
 - C. If you have secure remote access, or have completed your plan to do so and want to request TTF money for other technology improvements, we will provide a certification form to do so.

(NOTE: We probably will not be able to have these forms in the body of the request; you will be given a link to our website)

PLAN, PLAN AND PLAN SOME MORE!

- This year, in August, you will have your \$2 money to spend, while you collect the new higher - \$5 - fee effective July 1.
- BEFORE you ask for any money from the Compensation Board in August, you need to sit down with your vendor and review your TTF plan.
- Recognize that the money you will have in August 2004 will DOUBLE in August in 2005!
- Plan now to have your vendor tell you what it will take to FULLY implement secure remote access to your land records, what it will cost and when it will happen. You should develop a realistic financial plan to accommodate secure remote access to your land records.
- REMEMBER, it is the clear intent of the General Assembly that you provide secure remote access to your land records by July 1, 2006. In the Compensation Board’s opinion, failure to do so, or failure to develop a realistic financial plan to do so, could jeopardize future funding.

- You have one year to plan and move forward with your technology plan. Do not let this opportunity pass you by!
- Because some of you left \$2 million unspent, the General Assembly assumed that technology was not a priority with Clerks. The moral of the story is that if you leave money in TTF, it will just invite another raid by the General Assembly!
- As a final thought ... the reason the General Assembly and Executive Branch TOOK TTF money is because it was there! By using the money for technology upgrades, the General Assembly will see that Clerks are making good use of the TTF money.
- BOTTOM LINE: The General Assembly said four things in SB241:
 1. We want secure remote access to land records by July 1, 2006.
 2. We are doubling the amount of money available to do so.
 3. When you are finished providing secure remote access to your land records, you can automate the rest of your office.
 4. And, we are concerned about unauthorized access to your records, so you must certify your adherence to security policies.

CURRENT FISCAL YEAR STATUS

- FY04 collections are projected to be approximately \$8.6 million (\$5.7 million in \$2 funds and \$2.9 million in \$1 funds).

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FY05 PROJECTIONS

- FY05 projections are based on assumption that all budgeted FY04 funds will be spent by the end of the fiscal year. Since that is not likely, there will be more money available than the current projection shows.

General Assembly Approved Transfers of TTF

- There continues to be a \$1.49 million hole in the Clerks' general fund operating expenses, created by budget cuts in FY04. Language that allowed for the transfer of TTF funds to off-set this reduction was included in the new biennial budget.
- The \$1.49 million transfer will be distributed among all Clerks offices, except those that do not receive reimbursement (Newport News, Richmond, & Roanoke), based on each office's percentage of the total operating budget. Because this transfer directly off-sets the operating expenses of each individual office, the transfer is made from each locality's \$2 million TTF.

\$1 Funds

- The Governor's Budget Bill as introduced also included a transfer of \$231,393 of TTF money to the General Fund. This transfer will be made from the \$1 portion of the TTF.

- Administrative funds budgeted for FY05 include funding for half of the salary and benefits costs associated with an administrative position that oversees day-to-day TTF responsibilities. Language was also included in the budget bill to reappropriate the unexpended balance of TTF funds transferred in FY03 and FY04 for the redevelopment of the SNIP system.
- All remaining \$1 funding and FY04 \$1 collections are needed to meet FY04 General Assembly approved budget reductions of \$3.5 million.

FY06 PROJECTIONS

- FY05 projected collections of \$10.8 million are based on the average collection rate of the past 4 years (approx. \$6.5 million in \$3 collections) and the change to the collection level from \$3 to \$5 dollars.
- The funding split will change from the current \$2/\$1 to \$4/\$1 beginning with FY05 collection.
- Since funding is made available the year after it is collected, you should plan for the availability of this additional funding in FY06.
- PLAN AHEAD!