

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number HB2720E

House of Origin ☐ Introduced ☒ Substitute ☒ Engrossed

Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. Patron Rollison

3. Committee Senate Transportation

4. Title Vehicle dealers; on-line system filing fees; manual transaction fees.

5. Summary/Purpose: The introduced legislation proposes to amend §46.2-1530 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 46.2-1530.1 and 46.2-1530.2 to require the collection of on-line filing fees from motor vehicle dealers who use a remote electronic filings system, approved by the Department of Motor Vehicles, to obtain a certificate of title or registration for the purchaser of a vehicle and for the collection of manual transaction fees from dealers who do not use a remote electronic filings system.

6. Fiscal Impact Estimates: See item #8.

7. Budget amendment necessary: Yes. Item 480.

8. Fiscal implications : The fiscal impact of this legislation is uncertain. This bill provides that motor vehicle dealers who use a remote electronic filings system, approved by the Department of Motor Vehicles (DMV), to obtain a certificate of title or registration for the purchaser of a vehicle must pass the cost of any provider fees onto the vehicle purchaser, while any dealer who has not subscribed to an on-line system must pay DMV a \$15.00 fee for any such vehicle transaction conducted by the dealer at a Customer Service Center. DMV advises that this bill would impact motor vehicle dealers who sell cars and trucks only.

This bill may impact revenues received by DMV. The \$15.00 fee collected for manual transactions is to be paid into the state treasury and set aside as a special fund to meet the expenses of DMV. It is estimated that dealers conduct approximately 500,000 titling and vehicle registration transactions in the customer service centers (CSCs), annually. If the same volume of such transactions continues, additional revenues of up to \$7.5 million could be collected. However, it is difficult to estimate the volume of manual dealer transactions that would continue should the legislation be enacted, because dealers would have various alternative means of avoiding the \$15.00 fee. First, the dealers will have the option to enroll in the online dealer program, send the vehicle purchaser to DMV to perform their own titling and registration transactions, or mail the title work to Headquarters for processing. In addition, participants in any pilot program conducting transactions on behalf of commercial entities (dealers) would be exempt from paying the \$15 fee.

The department estimates that this bill should have little or no impact on DMV costs, if dealers choose to have vehicle purchasers come to DMV, as the number of customers visiting DMV may increase, but the number of transactions will remain the same.

The bill has been amended to include a delayed enactment clause specifying an effective date of December 31, 2003. The delayed enactment clause will decrease potential revenues and expenditures in the first year after enactment due to the decreased number of transactions that will be impacted. DMV is unable to predict the degree to which dealers will alter their practices in response to this legislation. However, after discussing the legislation with a number of entities that could be impacted by the bill, the agency believes the incentive to convert to automated service for the dealers is expected to be strong under this bill, with an expected conversion rate of 85 - 95 percent. At these levels, only 50,000 - 75,000 transactions would be handled by DMV, providing an estimated \$750,000 to \$1,125,000 in additional annual revenue.

It should be noted that the provisions of the bill would be effective for only 6 months of the first year and the above figures would need to be adjusted proportionately and therefore could range from \$375,000 to \$562,500 in FY04.

9. Specific agency or political subdivisions affected: Department of Motor Vehicles

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 02/10/03/MEM

Document: G:\Fis\03\Dmv\Hb2720e.Doc Michael McMahon

cc: Secretary of Transportation