

Department of Planning and Budget 2006 Fiscal Impact Statement

1. **Bill Number** HB5034

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Rust and Albo

3. **Committee** Courts of Justice

4. **Title** Assessment of fees by Department of Motor Vehicles (DMV) on certain drivers; use of fees collected.

5. **Summary/Purpose:** This bill requires the Commissioner of the Department of Motor Vehicles (DMV) to impose and collect fees on drivers who have accumulated eight or more net driver demerit points and/or have been convicted of reckless driving, aggressive driving, driving on a suspended or revoked license, driving under the influence (DUI), or any other violation of titles 18.2 and 46.2 which constitutes a driving or motor vehicle related misdemeanor or felony. The funds collected through imposition of these fees, net of DMV's costs to impose and collect the fees, will be deposited into the Highway Maintenance and Operating Fund, to be used as outlined in §§ 2.2-1509.2 and 33.1-23.02.

6. **Fiscal impacts are preliminary.**

6a. **Expenditure Impact:** In accordance with Item 435, F1 of Chapter 3, the agency's costs of collection for an abusive driver program, if passed in calendar year 2006 by the General Assembly, may not exceed 18 percent of revenue. If implemented, DMV may utilize an outside vendor for collections. The expenditure impact presented below is reflective of the use of an outside vendor at a cost of 18 percent of collections. The agency appropriation and any associated staffing may be addressed as needed through administrative action or during the next available budget cycle.

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	-	-	-
2007-08	\$5.2 million	-	NGF
2008-09	\$10.0 million	-	NGF
2009-10	\$16.1 million	-	NGF
2010-11	\$16.1 million	-	NGF

b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	-	-	-
2007-08	\$62.6 million	-	NGF
2008-09	\$89.4 million	-	NGF
2009-10	\$123.0 million	-	NGF
2010-11	\$123.0 million	-	NGF

7. Budget amendment necessary: Yes, Items 435 and 444.

- 8. Fiscal implications:** This bill includes two fee components: 1) assessment of an annual fee for 8 or more demerit points on a driving record and 2) assessment of additional fees for certain convictions related to driving. The broad categories of driving infractions include: driving with suspended or revoked license; reckless driving; driving under the influence; and driving and motor vehicle related misdemeanors and felonies. Courts are to assess the initial conviction-based fees. DMV will assess and collect the second and third year conviction-based fees and the fees based on demerit points.

Demerit Points – Estimated Revenue \$22.1 million annually

Based on 2005 data, almost 126,000 driving records have demerit points that range from 8 to more than 12. HB 5034 assesses a fee on these records that increase in amount by demerit points. For 8 demerit points, a fee of \$250 is assessed plus \$50 for each demerit point in excess of 8, but not greater than \$450. The estimated revenue from these fees (before costs of collection) is \$28.9 million in year one, and \$22.1 million in years two and after.

Citizens with demerits on their records are authorized to attend a driving school once every two years which results in a reduction of demerit points. Based on past experience with voluntary driving school attendance, the gross estimated revenue from demerit fees is reduced by 25 percent in the first year and by 50 percent in each year thereafter to account for this allowance. Furthermore, the estimated collection rate for these fees is 80%. This bill authorizes DMV to suspend a driver's license if the fees are not paid.

Conviction Fees

Estimated Revenues (before costs of collection):

FY 08 - \$33.6 million

FY 09 - \$67.3 million

FY 10 - \$100.9 million

FY 11 - \$100.9 million

The estimated revenues are based on conviction and collection rate information by conviction from the Supreme Court of Virginia for calendar year 2005, as audited by the Auditor of Public Accounts.

Based on 2005 data concerning convictions, the fees, number of convictions, and collection rate information are shown below:

	<u>Fee</u>	<u>Collection Rate</u>	<u>Revenue Estimate</u>
<u>Driving Susp/Revoc</u> 51,062	\$250	13%	1,630,154
<u>Reckless</u> 74,900	\$350	59%	15,571,710
<u>Felonies</u> 2,463	\$350	5%	43,103
<u>DUI</u> 28,828	\$750	44%	9,578,103
<u>Misdemeanors</u> 74,934	\$300	30%	6,811,501
<u>Gross Total</u>			\$33,634,570

This bill requires courts to assess the initial fees upon conviction and that DMV assess and collect the fees for the second and third years following each of the convictions. The collection rates above are court collection rates.

9. Specific agency or political subdivisions affected: Department of Motor Vehicles, Virginia Department of Transportation, Supreme Court

10. Technical amendment necessary: A technical amendment might be considered for language regarding the disposition or transfer of first year conviction fees collected by the courts.

11. Other comments: None.

Date: 09/19/06 /jlv

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cc: Secretary of Transportation