

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** SB1

House of Origin    \_\_\_ Introduced      X   Substitute    \_\_\_ Engrossed  
Second House       \_\_\_ In Committee    \_\_\_ Substitute    \_\_\_ Enrolled

**2. Patron:** Houck

**3. Committee:** Senate Finance

**4. Title:** Repealing civil remedial fees on certain drivers.

**5. Summary:** The proposed legislation would repeal §46.2-206.1, Code of Virginia, which provides for the imposition of civil remedial fees on certain drivers.

**6. Fiscal Impact Estimates:** Preliminary.

**6a. Expenditure Impact:** None. The expenditures related to collecting the civil remedial fees are recovered through the collections. The 2007 Appropriation Act authorizes the Department of Motor Vehicles (DMV) to impose an administrative cost on the revenues collected.

**6b. Revenue Impact:**

| <i>Fiscal Year</i> | <i>Dollars</i>   | <i>Positions</i> | <i>Fund</i> |
|--------------------|------------------|------------------|-------------|
| 2008-09            | (\$61.8 million) |                  | NGF         |
| 2009-10            | (\$65.4 million) |                  | NGF         |
| 2010-11            | (\$65.4 million) |                  | NGF         |
| 2011-12            | (\$65.4 million) |                  | NGF         |
| 2012-13            | (\$65.4 million) |                  | NGF         |
| 2013-14            | (\$65.4 million) |                  | NGF         |

**7. Budget Amendment Necessary:** Yes, a reduction in Item 455.

**8. Fiscal Implications:** The revenues generated from the civil remedial fees are dedicated to the highway maintenance program. Current law directs all maintenance funding needs to be met prior to construction expenditures. In FY 2008, maintenance funding required an infusion of \$260 million from the construction program. The repeal of the civil remedial fees will increase the amount of construction funding that must be used for maintenance activities. A repeal of this component of HB 3202 will result in an estimated revenue loss of more than \$385 million to the highway construction program in the next six years. The bill includes no provisions to offset this revenue loss. Also, see Item 11, below.

**9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles, Virginia Department of Transportation, and the Supreme Court

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** The revenue impact shown above in Item 6 b. is based upon the projections developed by DMV and the Department of Taxation in March 2007. As was noted by the Joint Legislative Audit and Review Commission in its December 5, 2007, report to the Joint Commission on Transportation Accountability, while inherently uncertain, these revenue estimates represent “a concerted effort to develop a projection based on the best available information.”

The actual revenue collected from the assessment of the conviction related fees for the six month period of July 1, 2007, through December 30, 2007, was \$3.9 million. According to the data received from the Courts, the total amount of fees assessed by the Courts during that same period was almost \$9.9 million.

These two sources of information indicate that the civil remedial fees imposed pursuant to §46.2-206.1, Code of Virginia, may not generate the amount of revenue that had been projected.

**Date:** 1/23/2008 dpb/smc

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cc: Secretary of Transportation