

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB1003

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Watkins

3. Committee: Transportation

4. Title: Notices from DMV; fee for exchange of license plates.

5. Summary: This bill establishes certain practices relating to government efficiency, including allowing driver's license renewal notices to be sent by first-class mail or email. The bill also imposes a \$5 service charge on transactions performed at Department of Motor Vehicles (DMV) Customer Service Centers if such transactions could have been completed by telephone, by mail, or electronically. The bill also creates a procedure and fee options for an exchange of license plates and imposes a minimum fee for the exchange.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates. Preliminary. See Item #8 below.

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011	-	-
2012	\$3,538,174	DMV Funds
2013	\$2,822,369	DMV Funds
2014	\$1,003,843	DMV Funds
2015	\$842,622	DMV Funds
2016	\$713,646	DMV Funds
2017	\$1,272,787	DMV Funds

8. Fiscal Implications: This legislation has four components. The fiscal impact of each component is discussed below.

Default Means of Issuing Renewal Notices - Currently, DMV's options for informing customers of their license expiration are limited to mailing through the United States Postal Service. The bill permits license holders to request notices of renewal to an email or other electronic address. This component would have no fiscal impact.

DMV Select Service Fee - Under current law, a \$5 fee for a vehicle renewal transaction is only charged if the transaction is conducted within a DMV Customer Service Center (CSC).

The bill extends assessment of the fee to those who conduct vehicle renewal transactions at a DMV Select office, if the transactions can be conducted by alternate means.

Approximately 366,410 vehicle registration renewal transactions are conducted at DMV Select offices on an annual basis. Based on the experience of the in-person vehicle renewal charge, it is anticipated that in the first year approximately 30 percent of these customers would opt out of conducting a vehicle registration renewal transaction at a DMV Select office. As a result, 70 percent or 256,487 of these customers would pay the \$5 service fee and DMV would collect approximately \$1,282,435 in additional revenue.

For the second year, approximately 45 percent of these customers would opt out of conducting a vehicle registration renewal transaction at a DMV Select office. As a result, 55 percent or 201,526 of these customers would pay the \$5 service fee and DMV would collect approximately \$1,007,630 in additional revenue.

Under the provisions of this component, DMV Select offices would receive 5 percent of the \$5 service fee collected for in-person vehicle registration renewal transactions.

Driver's License Renewal Service Fee

The bill provides for the assessment of a \$5 fee on any person who conducts the renewal of a driver's license or special identification card at a CSC, if the transaction can be conducted by an alternate means. An alternate means includes through the internet, by telephone, or by mail. The customer would not be charged the \$5 fee if he is completing another transaction that cannot be done by alternate means. Under current law, a \$5 fee is only charged for a vehicle registration renewal transaction if the transaction is conducted in a CSC.

On an annual basis, approximately 588,000 customers are eligible to renew their driver's license or ID card by a means other than visiting a DMV Customer Service Center.

Based on the experience of the in person vehicle registration renewal charge, it is anticipated that in the first year approximately 30 percent of these customers would opt out of conducting the renewal transaction in a CSC. As a result, 70 percent or 411,600 of these customers would be charged the \$5 service fee and DMV would collect approximately \$2,058,000 in additional revenue.

For the second year, DMV anticipates that approximately 45 percent of these customers would opt out of conducting the renewal transaction in a CSC. As a result, 55 percent or 323,400 of these customers would be charged the \$5 service fee and DMV would collect approximately \$1,617,000 in additional revenue.

For FY 2014 - 2016, DMV will effectively collect no revenue from this source because the transition to an 8 year license will result in no eligible driver's license renewals during this period.

Establishment of a Minimum Fee for License Plate Exchange Transactions

Beyond any system programming costs that would be absorbed within existing resources, this provision contributes only to revenue impact.

The revenue impact is the total expected from raising the exchanges fees that are currently below \$10 to \$10. Last year, DMV processed 29,486 exchange transactions for less than \$10 each, for a total of \$97,121. That number is typically consistent from year to year, so it is a good approximation for the revenue impact. The revenue impact is calculated as the difference between the total revenue from last year's transactions and the revenue that would have been received if last year's transactions were \$10 each, $(29,486 \times \$10) - \$97,121 = \$197,739$.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles, Commissioner of Revenue and Treasurer offices in local governments.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** This bill is a companion to HB 1835.

Date: 1/24/11

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cc: Secretary of Transportation