

Department of Planning and Budget 2016 Fiscal Impact Statement

1. **Bill Number:** SB35

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

2. **Patron:** Carrico

3. **Committee:** Finance

4. **Title:** Vehicle registration fees; funds allocated to Department of State Police.

5. **Summary:** The proposal raises the vehicle registration fee by an additional \$1.25 per year on each July 1 from 2016 through 2025 and allocates the funds to the Department of State Police. The cumulative increase in the fee, as of July 1, 2025, would be \$12.50.

6. **Budget Amendment Necessary:** Yes. Item 442 (expenditure), and Item 423 (revenue).

7. **Fiscal Impact Estimates:** Tentative. See 7a. and 7b., and 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2017	\$100,449	Nongeneral
2018	\$204,915	Nongeneral
2019	\$313,520	Nongeneral
2020	\$426,388	Nongeneral
2021	\$543,644	Nongeneral
2022	\$665,421	Nongeneral

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2017	\$10,371,193	Nongeneral
2018	\$21,157,233	Nongeneral
2019	\$32,370,566	Nongeneral
2020	\$44,023,970	Nongeneral
2021	\$56,130,561	Nongeneral
2022	\$68,703,807	Nongeneral

8. Fiscal Implications:

The proposal annually increases the motor vehicle registration fee on each vehicle type as listed in § 46.2-694 Code of Virginia by \$1.25. The revenue collected from the additional fee is to be allocated to the Department of State Police (Department). The proposed \$1.25 fee is to be compounded annually each year from 2016 through 2025.

Currently, the fee for most private passenger cars is either \$33.00 (for vehicles weighing 4,000 pounds or less) or \$38.00 (for vehicles weighing more). By calendar year 2025, this proposal would raise those fees to \$45.50 and \$50.50, respectively.

According to the Department of Motor Vehicles (DMV), there were 7,974,773 vehicles registered in Virginia in FY 2015. Assuming a two percent annual projected increase in the number of vehicles to be registered, the following table represents revenue estimates from the additional motor vehicle registration fee for fiscal year 2017 through fiscal year 2026 under the proposed legislation:

Fiscal Year	# of Vehicles Registrations	Fee	Revenue
2017	8,296,954	\$1.25	\$10,371,193
2018	8,462,893	\$2.50	\$21,157,233
2019	8,632,151	\$3.75	\$32,370,566
2020	8,804,794	\$5.00	\$44,023,970
2021	8,980,890	\$6.25	\$56,130,561
2022	9,160,507	\$7.50	\$68,703,807
Revenue in the Fiscal Years beyond the years identified in Item 7b, as a result of implementing a 10-year cumulative fee increase under the proposal			
2023	9,343,718	\$8.75	\$81,757,531
2024	9,530,592	\$10.00	\$95,305,921
2025	9,721,204	\$11.25	\$109,363,545
2026	9,915,628	\$12.50	\$123,945,351

Further, due to credit card merchant fees, DMV will incur additional costs associated the increased registration fees paid by payment cards. Each time a card is used, DMV pays two percent of the transaction cost. Since under the proposal the collected revenue is allocated to State Police, DMV will not retain any portion of the collected revenue to cover the additional merchant fees.

Assuming that approximately 48 percent of vehicle registration transactions is paid with credit cards, the estimated additional expenditure impact to DMV is outlined below:

Fiscal Year	Fee Amount	2% of Fee	# of Vehicles Registrations	Registrations Paid Via Credit Card	DMV Fee Amount
2017	\$1.25	\$0.025	8,296,954	4,017,947	\$100,449
2018	\$2.50	\$0.050	8,462,893	4,098,306	\$204,915
2019	\$3.75	\$0.075	8,632,151	4,180,272	\$313,520
2020	\$5.00	\$0.100	8,804,794	4,263,877	\$426,388
2021	\$6.25	\$0.125	8,980,890	4,349,155	\$543,644
2022	\$7.50	\$0.150	9,160,507	4,436,138	\$665,421
Cost in the Fiscal Years beyond the years identified in Item 7a, as a result of implementing a 10-year cumulative fee increase under the proposal					
2023	\$8.75	\$0.175	9,343,718	4,524,861	\$791,851
2024	\$10.00	\$0.200	9,530,592	4,615,358	\$923,072
2025	\$11.25	\$0.225	9,721,204	4,707,665	\$1,059,225
2026	\$12.50	\$0.250	9,915,628	4,801,818	\$1,200,455

9. Specific Agency or Political Subdivisions Affected: the Department of State Police, the Department of Motor vehicles, and the Department of Accounts.

10. Technical Amendment Necessary: None.

11. Other Comments: None.