

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB1244

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

2. Patron: Cline

3. Committee: Transportation

4. Title: Department of Motor Vehicles; service charges for in-person transactions

5. Summary: This bill eliminates the service charge imposed and collected by the Department of Motor Vehicles (DMV) for any registration, driver's license, or identification card renewal in a DMV service center.

6. Budget Amendment Necessary: Yes, Item 439.

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

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2018	-	-
2019	(\$5,425,009)	Motor Vehicle Special Fund
2020	(\$5,425,009)	Motor Vehicle Special Fund
2021	(\$5,425,009)	Motor Vehicle Special Fund
2022	(\$5,000,000)	Motor Vehicle Special Fund
2023	(\$5,000,000)	Motor Vehicle Special Fund
2024	(\$5,000,000)	Motor Vehicle Special Fund

8. Fiscal Implications: In FY 2017, the Department of Motor Vehicles' (DMV) net revenue collections from the \$5 service charge was \$1,132,771 for driver's license renewals and \$4,292,238 from vehicle renewals, for a total of \$5,425,009. The revenue impact assumes that number stays consistent for the next three fiscal years. DMV expects the number of transactions performed to drop slightly beginning in FY 2022 because of the "driver's license cliff." In 2008, Virginia extended driver's license validity from five years to eight years and as a result fewer Virginians have renewal dates during the last three years of the eight-year cycle. The last three years of the current eight-year cycle will begin in 2023.

DMV would incur costs of \$22,220 in FY 2018 to implement changes to the agency's automated system to implement the bill which would be absorbed within existing resources. Assuming that 20 percent of those who are currently renewing a driver's license, identification card, or vehicle registration online, by mail, or by phone will choose to renew in person if there is no additional charge for doing so, DMV may need to hire eight positions to process an additional 471,320 in-person transactions per year. However, it is possible that

the loss of revenue would mean that DMV could not hire the additional positions. In that case, customer wait times are likely to increase.

The \$5 service charge is not currently charged at DMV Select offices, which are often run by local constitutional officers. DMV Selects are compensated a percentage of each transaction which they perform. To the extent that this bill causes more transactions to be completed at CSCs, and fewer transactions at Selects, this bill may result in less revenue for Selects and for localities which operate DMV Selects.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, localities that operate DMV Selects.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

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c: Secretary of Transportation