

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB432

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Marshall

3. Committee: Transportation

4. Title: Registration and titling of vehicles; photo identification.

5. Summary: This bill requires any person applying to the Department of Motor Vehicles for a vehicle registration card or certificate of title to present a valid photo identification issued by the Department or, if registering online or by mail, a black and white photocopy thereof.

6. Budget Amendment Necessary: Yes, Item 439.

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

8. Fiscal Implications: This bill will impact the Department of Motor Vehicles' (DMV) title and registration transactions for all customers, including businesses. If enacted, at least \$28.1 million in annual title and registration fee future revenue will not be realized because out-of-state residents and businesses would likely not be able to title and register their vehicles in Virginia. This would impact the revenues of DMV, the Virginia Department of Transportation, Virginia State Police, and Virginia emergency medical services, all of which currently receive a portion of the registration fee.

DMV conducts over a million in-person vehicle title and registration transactions. As such, adding steps to the process, such as reviewing a customer's credential, can impact wait times. Under this bill, DMV would have to either end its online vehicle registration renewal process or change its online process to accept electronic versions of the applicant's photocopied photo identification.

This proposal could effectively end mail-in registration renewals as a preferred service. Currently, machines process the vast majority of registration renewals. If an employee needs to look at and review every photocopied photo identification credential, then the 1.1 million mailed renewals will need to be first handled manually and then fed into the machine. The agency's current staff of five assigned to this program will not be sufficient to review 1.1 million documents. Even assuming that only 50 percent of customers decide to conduct their title and registration transactions in-person, the total fiscal impact to customer service would be approximately \$9.8 million, with DMV needing to hire 175 additional staff in order to maintain current customer service center levels. Since the agency does not have sufficient resources to hire those staff, substantial increases in customer wait times at the customer service centers could be expected.

As defined in Va. Code § 1-230, the term “person” includes businesses. As such, this bill applies to businesses. Many large, out-of-state businesses title and register vehicles in Virginia because they do business here and want to take advantage of the state’s cost-efficient electronic titling and registration processes (EZFleet and webCAT). These businesses and their employees are usually headquartered and reside outside of Virginia. They would find it difficult to meet the bill’s requirement to have a Virginia DMV photo ID and may likely choose to register their vehicles elsewhere. Currently, DMV has one out-of-state business that has chosen to register over 4,600 vehicles in Virginia. DMV is also working with another carrier to register an even larger fleet, potentially as many as 10,000 vehicles. In total, businesses headquartered outside of Virginia conduct more than 50 percent of DMV’s current EZFleet business. Out-of-state EZFleet registrations amounted to \$712,574 in revenue for DMV in the final quarter of FY 2017.

Additionally, members of the military, diplomats, and out-of-state residents who choose to title and register their vehicles in Virginia would be unable to do so, unless they had a Virginia DMV issued credential. This would include part-year residents who choose Virginia as their second home and who store and maintain a vehicle in Virginia. If enacted, these part-year residents would have to obtain a Virginia DMV credential. In order to do so, they would likely have to relinquish their home state credentials, in accordance with Va. Code §§ 46.2-323(B) and 46.2-345(A). Between businesses and individuals, DMV conducted 554,993 out-of-state title and registration transactions in FY 2017.

Since the bill impacts almost all title and registration transactions, DMV anticipates additional costs will be associated with enacting this legislation, including but not limited to, updating DMV’s information systems for all the changes noted above.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, Virginia Department of Transportation, Virginia State Police, Emergency Medical Services.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/17/2018

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cc: Secretary of Transportation