

## Department of Planning and Budget 2019 Fiscal Impact Statement

**1. Bill Number:** SB1013

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

**2. Patron:** Stanley

**3. Committee:** Finance

**4. Title:** Suspension of driver's license for nonpayment of fines or costs

**5. Summary:** This bill repeals the requirement that the driver's license of a person convicted of any violation of the law who fails or refuses to provide for immediate payment of fines or costs be suspended. The bill also removes a provision allowing the court to require a defendant to present a summary prepared by the Department of Motor Vehicles of the other courts in which the defendant also owes fines and costs. The bill requires the Commissioner of the Department of Motor Vehicles to return or reinstate any person's driver's license that was suspended prior to July 1, 2019, solely for nonpayment of fines or costs, provided that such person has paid the applicable reinstatement fee.

**6. Budget Amendment Necessary:** No.

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

**8. Fiscal Implications:** This bill repeals § 46.2-395, and with it the requirement to suspend the driver's licenses of persons who fail to either pay their court fines and costs within 30 days or to enter into a payment plan acceptable to the court. This bill also requires the restoration or return of any driver's license suspended by the Commissioner solely because of unpaid fines and costs, provided they pay the \$145 reinstatement fee.

Suspended drivers pay a \$145 reinstatement fee, of which \$100 goes to the Trauma Center Fund and \$45 goes to the Department of Motor Vehicles (DMV). Drivers with multiple suspensions or revocations pay the \$145 reinstatement fee for the first order reinstated and a \$5 multiple order fee for each additional order. Under current law, an individual must pay their fines and costs prior to being eligible and pay the reinstatement fee, along with any multiple order fees, in order to be eligible for reinstatement.

Since no new individuals would be suspended for unpaid court fines and costs, there would be a loss of reinstatement fee revenue from drivers who would have been suspended in the future but for this bill. In FY 2017 and FY 2018, DMV collected \$10,767,900 and \$10,727,275 respectively from reinstatement fee payments made by individuals suspended solely for failure to pay fines and costs. However, a portion of this revenue was paid by individuals who were suspended in a fiscal year prior to the one in which they paid. Since the bill does not have a retroactive impact, individuals suspended prior to July 1, 2019, will

still owe reinstatement fees. As such, the fiscal impact will gradually increase in time as drivers suspended prior to the implementation of the bill paid their fees but were not replaced with new suspended drivers. In FY 2020, the revenue loss from reinstatement fees collected from individuals solely suspended for fines and costs is estimated to be \$6.2 million to the Trauma Fund and \$2.8 million to DMV. When the full impact of the bill is experienced in the future, the revenue loss is estimated to be a \$7.4 million loss to the Trauma Fund and a \$3.3 million loss to DMV. It cannot be estimated at this time in which fiscal year the full revenue impact will be felt. Additionally, DMV collected approximately \$50,000 in multiple order fees collected from individuals solely suspended for fines and costs in both FY 2017 and FY 2018.

However, because this bill waives the requirement for currently suspended individuals to pay their fines and costs prior to reinstatement, DMV may gain revenue from individuals who cannot afford to pay their fines and costs but who can afford the reinstatement fee. The amount of revenue that DMV would gain is unknown, and would depend on the number of people who choose to reinstate their driver's license. As of December 1, 2018, 626,537 individuals were suspended in Virginia solely for failure to pay fines and costs. Should 12 percent of these individuals pay their reinstatement fees, DMV could recover the \$3.3 million it could otherwise lose in FY 2020.

The introduced budget (HB1700/SB1100) § 3-1.01 S. reduces the amount transferred from the Trauma Fund to the general fund in FY 2020 from \$8,055,000 to \$1,859,900, allowing an additional \$6,195,100 to be retained by the Fund and offsetting the loss to the Fund expected as a result of this bill.

The introduced budget also contains a \$2,787,795 offset to the revenue loss expected by DMV as a result of implementing this bill in § 3-1.01 F., the statewide indirect cost allocation plan (SICAP).

Since this bill removes a consequence for not paying court fines and costs in a timely manner, it is possible that collection of fines and costs would decrease. This impact is indeterminate. Courts would retain other methods of collection, such as wage garnishment and income tax withholding, which may offset some of the revenue lost from this bill.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles, Virginia Department of Health, courts system.
- 10. Technical Amendment Necessary:** Yes, a technical amendment to the budget is needed in § 3-1.01 to fully free up \$2.8 million of DMV revenues. Language in Item 439 K. allows DMV to distribute a portion of its SICAP charges to other state agencies when the charges arise from revenue collection activities for those agencies. Therefore, the benefit to DMV would have been only \$750,998, with six other agencies receiving a portion of the remaining \$2 million.

To implement the intended adjustment to DMV funds, the transfer from DMV in § 3-1.01 F., on page 554, in lines 28 and 29, of \$3,728,268 should be restored. This transfer needs to be

offset by a new paragraph in § 3-1.01 to allow the Comptroller to transfer back to DMV up to \$2.8 million from indirect cost recoveries, if needed, due to the loss of license reinstatement fee revenue. This amendment is technical in that it comports with the intent of the introduced budget and would not impact the bottom line of the budget since the impact was already anticipated.

**11. Other Comments:** None.

**Date:** 1/9/2019

**Document:** G:\18-20\FIS 2019\SB1013S1.docx

Cc: Secretary of Transportation  
Secretary of Health and Human Resources