Department of Planning and Budget
2007 Fiscal Impact Statement

1. **Bill Number**   HB1699

   House of Origin   ☒ Introduced   ☐ Substitute   ☐ Engrossed

   Second House   ☐ In Committee   ☐ Substitute   ☐ Enrolled

2. **Patron**   Lingamfelter

3. **Committee**   Tranportation

4. **Title**   Motor vehicle license fees and taxes, local; repeals authority of imposition and collection thereof.

5. **Summary/Purpose:** This bill repeals authority for imposition and collection of local vehicle license fees and taxes. The bill does not affect the ability of localities to impose personal property taxes on vehicles.

6. **Fiscal Impact Estimates are preliminary.**

   6b. Revenue Impact:

Fiscal Year	Dollars	Positions	Fund
2007-08	-	-	-
2008-09	($2,946,000)	-	NGF
2009-10	($2,946,000)	-	NGF
2010-11	($2,946,000)	-	NGF
2011-12	($2,946,000)	-	NGF
2012-13	($2,946,000)	-	NGF

7. **Budget amendment necessary:** Yes, Item 435.

8. **Fiscal implications:** This bill repeals §§ 46.2-752 through 46.2-756 of the Code of Virginia, pertaining to local authority to impose and collect local vehicle license fees and taxes, including specific authority to Northern Virginia and Arlington. In the process, it would eliminate the Department of Motor Vehicles' Vehicle Registration Withholding (VRW) and Local Vehicle Registration (LVR) programs between the agency and various localities. In terms of program involvement, 140 localities participate in the VRW program; only one participates in LVR (City of Virginia Beach).

   The VRW allows localities to submit delinquent taxpayer information to the Department of Motor Vehicles (DMV). DMV places a "stop" on the taxpayer's DMV record that prohibits the taxpayer from conducting any type of transactions with DMV until the stop is removed by the locality (after the taxes are paid in full). This includes renewal of license plates and transferring or titling of vehicles.   Participation in LVR allows DMV to collect the local vehicle registration fee (often referred to as a county or city sticker or license) in conjunction with state vehicle registration fees for member localities. Under this program, when

registering a vehicle or renewing a registration for a vehicle garaged in a participating locality, an individual is billed for the state and local registration fees at the same time.

The negative fiscal impact on DMV is estimated to be $2.7 million, based on FY 2006 fee collections from the VRW (approximately $2.46 million) and LVR (approximately $246,000) programs. Fiscal impacts on localities are unknown, but are expected to be very significant in terms of revenue reductions.

The legislation also removes commissioners of the revenue and treasurers from the definition of "law enforcement officer" as it pertains to access to law enforcement databases regarding motor vehicle registration and ownership. This change would remove the data request payment exemption afforded to localities, requiring partial payment of database access fees by these local officials for full motor vehicle title reports. Most locality database requests are for partial reports, which are provided at no charge. As such, the fiscal impacts of the definitional change to "law enforcement officer" are not known. In the month of October 2006, commissioners of the revenue requested 271,751 titling reports; the treasurers for the same time period requested 96,229 titling reports.

The bill also removes permissive statutory language allowing the Virginia State Police to enforce local ordinances relating to obtaining and displaying local motor vehicle licenses and ends payment to State Police by localities of 50 percent of the revenue collected from those enforcement activities. The Virginia State Police state that this impact amounts to no more than $10,000 annually.

9. **Specific agency or political subdivisions affected:** Department of Motor Vehicles, Virginia State Police, Virginia localities.

10. **Technical amendment necessary:** No.

11. **Other comments:** None.

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cc: Secretary of Transportation
     Secretary of Public Safety