

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** HB1034

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

**2. Patron:**        Frederick

**3. Committee:** Rules

**4. Title:**        **Vehicle registrations and certificates of title.**

**5. Summary:** This bill requires any individual applying for a vehicle registration or certificate of title to prove to the Department of Motor Vehicles that he is either (i) a citizen of the United States, (ii) a legal permanent resident of the United States, or (iii) a conditional resident alien of the United States. Titles and registrations issued to persons who are neither United States citizens nor permanent legal residents of the United States are to expire at the same time as their legal presence in the United States expires.

**6. Fiscal impact estimates:** Preliminary. See Item #8.

**7. Budget Amendment Necessary:** Yes, Item 441.

**8. Fiscal Implications:** This bill would impact up to 7.2 million transactions at the Department of Motor Vehicles (DMV) during the first year of implementation. Due to its proof requirements, this bill will eliminate the Online Dealer Program as well as most of DMV's alternative service options for titles and registrations. As a result, most customers who are issued titles or registrations, regardless of citizenship, will have to appear in person at a customer service center (CSC). This would result in a number of challenges, which will cost approximately \$46.5 million to address.

Virginians who have preexisting registrations will have to renew their registrations within two years after passage of this bill. In 2007, there were 4,601,537 renewal transactions, 3,012,884 of which were processed through alternative service options, such as the Online Dealers, internet, touchtone telephone, DMV Selects, or mail. If this bill is passed, all of these transactions will now have to be processed in CSCs. To be able to process these transactions at CSCs, DMV will require up to 776 additional staff at a cost of \$33.4 million. This amount reflects only processing staff and does not include additional managerial staff. It takes an average of 11 minutes to issue an original title/registration at a CSC, and an additional 7 minutes to prove legal presence. For example, the Online Dealers issued 729,950 original titles and registrations in 2007. If all of these transactions must occur at a CSC, an additional 18 minutes of CSC staff work will be required for each of these 729,950 title/registration transactions. DMV would have to hire 130 new staff, costing DMV \$5,596,920 for these titles/registrations alone. (These cost figures are included in the \$33.4 million identified above.)

Further, based on current legal presence reviews for driver's licenses, approximately 10 percent of the transactions will require an elevated review process, which takes an average of 30 minutes per transaction. The elevated review process is what is used when a person is applying for a driver's license or identification card and doesn't have exactly the right documents. Begun when legal presence was enacted, this process is often employed for the elderly who may not have the documents that are accepted. To conduct these elevated reviews will require an additional 212 staff and require \$10.4 million. The costs associated with training all the new and existing CSC and headquarters staff are unknown.

DMV will also need to hire additional customer call center staff. Given the significant change contemplated by this bill, it is estimated that 25 percent of the affected customers will call in with inquiries, problems, and/or complaints. This percentage is based on past experiences with major policy changes. Based on the average length of calls to DMV's customer call center, the customer call center would require at least 58 additional full time employees, costing \$2.5 million.

DMV Selects locations (50) would likely suffer because most will be unwilling or unable to take on the additional processing responsibility required by this bill. Many of them will likely close down without title and registration business, causing further delays, costs, and inconvenience for customers and the agency. The bill does not authorize any additional compensation to DMV Selects to take on this additional work.

DMV customer service centers cannot physically handle all the additional customers, as well as the additional staff needed. However, it would not be feasible to build more customer service centers. Therefore, to handle this type of volume, DMV would likely have to keep its customer service centers open for at least 18 hours a day (double the current office hours.) There would be an unknown amount of additional facility support costs associated with the expanded office hours.

In order to fulfill the functional requirements that support this proposal, the agency would have to spend \$150,750 and 3,350 man-hours upgrading its automated computer system.

With the elimination of alternative service options for vehicle work, approximately 40 DMV headquarters staff positions associated with these functions would need to be moved to the field offices. Although these 40 positions can assume the roles of the additional management staff that would be needed to oversee the new field staff, 40 managers will not be enough. More managerial staff would need to be hired, the cost of which is yet undetermined.

It cannot yet be calculated how many other DMV processes will be altered by this bill, resulting in additional staff requirements and costs. However, based on the previous expenses cited, the total impact on DMV is \$46.5 million. The agency does not have the necessary revenues to accommodate any of these costs.

**9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill limits who can title or register vehicles in Virginia, restricting this group to U.S. citizens, legal permanent residents, or conditional resident aliens. The guidelines for who may qualify for a driver's license are broader. Therefore, there will be many people who are licensed to drive but who are not permitted to own or register a vehicle. There are 63,069 Limited Duration residents who are licensed to drive in Virginia who are not included within the categories of this bill. This would result in 63,069 people driving without title or registration in their own name. A black market for license plates, which may be stolen from vehicles across the Commonwealth, could also develop.

Illegal immigrants could also recognize a loophole created by this bill and exploit it. Under the language of this legislation, individuals who cannot prove legal presence will be unable to title or register. However, businesses are not mentioned and are therefore exempt from this requirement. Therefore, illegal immigrants could register and title their vehicles in a business capacity and minimize the effectiveness of these requirements.

This bill lacks the exception that was implemented on July 1, 2007 to assist driver's license applicants born in 1937 or before. If everyone is required to present the proof required by this bill, there will be older U.S. citizens who do not have documentation to prove their citizenship. If no allowance is made for exceptions or to waive the requirement for applicants born prior to a certain date, this bill will result in U.S. citizens not being able to meet the requirements to title or register vehicles. In some cases, the customer may have held a valid Virginia title for decades.

Because the legal status standards in this bill are more strict than those used to obtain a driver's license, customers visiting DMV to title or register their vehicles may have to prove their valid status again, even if they already proved it to obtain a driver's license.

This bill will increase the amount of time necessary to conduct all transactions, which will increase customer wait times.

The colleges and universities of Virginia are committed to diverse student bodies that include international students, to ensure the highest academic credentials. However, under this bill student visas will not be adequate to title or register a vehicle. If these students are not permitted to have their own vehicle while spending years working and studying in Virginia, they might be encouraged to go to schools in other states.

There are several types of businesses in Virginia that depend upon workers who can drive to work but would not be able to title a vehicle under this bill. Businesses might choose to avoid Virginia because of the harsher standards on their employees. Construction and agriculture, for example, may suffer if this bill is passed. In addition, vehicle dealers could potentially lose business because there would be fewer people buying cars.

**Date:** 1/21/2008/jlv

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cc: Secretary of Transportation