

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB1168

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

2. Patron: Watkins

3. Committee: Transportation

4. Title: **DMV records.**

5. Summary: This bill authorizes DMV to contract with the U.S. Postal Service to get updated addresses for the Department's records from the National Change of Address (NCOA) System.

6. Fiscal impact estimates: Preliminary.

6a. Expenditure impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2009	-	-	-
2010	(\$84,370)	-	NGF
2011	(\$115,510)	-	NGF
2012	(\$115,510)	-	NGF
2013	(\$115,510)	-	NGF
2014	(\$115,510)	-	NGF
2015	(\$115,510)	-	NGF

7. Budget Amendment Necessary: No.

8. Fiscal implications: This legislation is expected to result in a decrease in re-mailing costs due to better address information. Reducing the amount of undelivered mail will reduce the costs associated with wasted postage by an estimated \$118,510 annually.

The first year expenditure decrease is offset by an estimated cost of \$31,140 (692 work hours) to design and implement an automated interface and records update to support the new process. In addition, the expenditure reduction is offset annually by \$3,000 for the estimated costs of the NCOA service.

The Department of Motor Vehicles (DMV) receives returned mail when customers fail to update their addresses with the agency. In FY 2008, DMV sent out 14,388,562 pieces of mail, including driver's licenses and vehicle registration renewal notices, driver's licenses, vehicle registration decals, license plates, checks, notices of suspension, and hearing opinions. Of this mail, 382,289 pieces, or 2.7 percent, were undeliverable. DMV mails correspondence by certified mail and by "regular" mail. Rates vary depending on the size and weight of the package. The majority of pieces of mail that are returned to DMV must be re-

mailed, increasing agency costs. Costs for re-mailing can range from \$0.35 to \$4.12 per piece. The cost avoidance has been conservatively estimated by multiplying the most recent annual volume of undeliverable mail by \$0.31 for postage.

It should be noted that any cost savings incurred by DMV would help the agency offset the budget reductions it is taking due to declining revenues.

9. Specific agency or political subdivisions affected: Department of Motor Vehicles, other state agencies, local governments, residents of the Commonwealth.

10. Technical amendment necessary: No.

11. Other comments: Other state agencies utilize address information contained in DMV's records. Commissioners of Revenue and Treasurers utilize address information contained in DMV's records for tax purposes.

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cc: Secretary of Transportation