

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB1835

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

2. Patron: O'Bannon

3. Committee: Transportation

4. Title: Notices from DMV; fee for exchange of license plates.

5. Summary: This bill establishes certain practices relating to government efficiency, including allowing driver's license renewal notices, etc., to be sent by first-class mail or email. The bill also imposes a \$5 service charge on driver's license renewal transactions performed at Department of Motor Vehicles (DMV) Customer Service Centers if such transactions could have been completed by telephone, by mail, or electronically. The bill also creates a procedure and fee options for an exchange of license plates and imposes a minimum fee for the exchange.

6. Budget Amendment Necessary: No.

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

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011	-	-
2012	\$2,255,739	DMV Funds
2013	\$1,814,739	DMV Funds
2014	\$197,739	DMV Funds
2015	\$197,739	DMV Funds
2016	\$197,739	DMV Funds
2017	\$860,062	DMV Funds

8. Fiscal Implications: This legislation has three components. The fiscal impact of each component is discussed below.

Default Means of Issuing Renewal Notices - Currently, DMV's options for informing customers of their license expiration are limited to mailing through the United States Postal Service. The bill permits license holders to request notices of renewal to an email or other electronic address. This component would have no fiscal impact

Driver's License Renewal Service Fee - On an annual basis, approximately 588,000 customers are eligible to renew their driver's license or ID card by a means other than visiting a DMV Customer Service Center (CSC).

Based on the experience of the in-person vehicle registration renewal charge, it is anticipated that in the first year approximately 30 percent of these customers would opt out of conducting the renewal transaction in a CSC. As a result, 70 percent or 411,600 of these customers would be charged the \$5 service fee and DMV would collect approximately \$2,058,000 in additional revenue.

For the second year, approximately 45 percent of these customers would opt out of conducting the renewal transaction in a CSC. As a result, 55 percent or 323,400 of these customers would be charged the \$5 service fee and DMV would collect approximately \$1,617,000 in additional revenue.

For FY 2014 - 2016, DMV will effectively collect no revenue from this source because the transition to an 8-year license will result in no eligible driver's license renewals during this period.

Establishment of a Minimum Fee for License Plate Exchange Transactions - Beyond any system programming costs, this proposal contributes only to revenue impact.

The revenue impact is the total expected from raising the exchanges fees that are currently below \$10 to \$10. Last year, DMV processed 29,486 exchange transactions for less than \$10 each, for a total of \$97,121. That number is typically consistent from year to year, so it is a good approximation for the revenue impact. The revenue impact is calculated as the difference between the total revenue from last year's transactions and the revenue that would have been received if last year's transactions were \$10 each, $(29,486 \times \$10) - \$97,121 = \$197,739$.

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

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is a companion to SB1003H1.

Date: 02/16/11

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cc: Secretary of Transportation