

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB2135

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Barlow

3. Committee: Transportation

4. Title: Expiration and renewal of registration.

5. Summary: This bill provides an option for the permanent registration of motor vehicles.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: The potential fiscal impact of this bill cannot be estimated due to a number of unanswered questions that surround it. In general, the number of people who might choose the option offered in this bill cannot be estimated. There are long-term financial benefits for participants, but the up-front registration fees are significant and might serve as a deterrent. More specifically, the following fiscal unknowns have been identified:

1. The bill requires a one-time permanent registration fee of 10 times the registration fees prescribed by Virginia Code § 46.2-694. This prescribed fee ignores additional annual fees that are included in registration fees, such as the \$1.50 vehicle safety inspection program fee, the full \$6.25 emergency medical fund fee, and, if applicable, \$10 personalized license plate fees, special license plate fees (typically \$10 or \$25), and the \$2 emissions testing program fee. The bill also does not allow for the collection of local vehicle registration fees for residents of Virginia Beach, Virginia heavy vehicle road taxes, and registration fees for vehicles not registered under § 46.2-694, such as trucks. DMV expects that it would continue to collect these fees annually outside of the standard registration renewal process, which may create concern for vehicle owners who would believe they were choosing a true one-time fee permanent registration option.

2. While the Commonwealth would be collecting 10 years' worth of registration fees up front, revenue would drop sharply in subsequent years. In general, registration fees support the Department of Motor Vehicles (DMV), State Police, the Virginia Department of Transportation's (VDOT) highway maintenance program, and statewide emergency medical services, meaning that this bill has the potential to create reductions in funding for these programs in future years.

3. The plates associated with permanent registration would appear to be transferable; however, there is no provision for calculating the transfer fee when there is a change in vehicle weight that would result in higher registration fees. Currently, the fee is \$2 plus the difference in fees for the number of months remaining on the registration. The Commonwealth may lose transfer fees above \$2.

4. If these plates are returned for a refund, the refund could not be calculated. Refunds are prorated in six month increments based on the number of months remaining on the registration.

5. DMV already has one-time fee permanent plate options for trailers, semitrailers, and antique vehicles. This bill appears to create conflicting fee requirements for these permanent options.

6. DMV administers a vehicle registration stop program that is used by localities and courts to recover owed taxes, fees, fines, and costs. The stop program works well because individuals who owe money cannot renew their vehicle registration without paying the arrears. With a permanent registration, a vehicle stop would be ineffective and a registration suspension would be used instead. Suspensions would require DMV to bear the cost of collecting the license plates from the vehicle owner and, unlike stops, suspensions would prevent individuals from registering a newly-purchased vehicle, which could cause problems for dealers.

Due to these unknowns and others, the programming costs for this bill are also unable to be estimated.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, Virginia Department of Transportation, State Police, Office of Emergency Medical Services, Department of Environmental Quality, City of Virginia Beach, Commissioners of the Revenue and other local government departments, courts system.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/21/11

Document: G:\10-12\2011\FIS\HB2135.Doc Janet Vogelgesang

cc: Secretary of Transportation