

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB1225

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

2. Patron: Petersen

3. Committee: Transportation

4. Title: DMV offices and agencies; agreements; compensation.

5. Summary: This bill provides that in any county, city, or town that does not have either a branch office or an automated agency, the Commissioner shall, upon request of any commissioner of the revenue, treasurer, or local governing body, jointly or separately, enter into an agreement with such commissioner of the revenue, treasurer, or local governing body, to act as an agent of the Commissioner and maintain a branch office. The bill also increases the compensation fixed for each nonautomated agency for the purpose of maintaining adequate annual service from 3.5 to 4.5 percent of the first \$500,000 of gross collections made by the agency and increases the current two percent on gross collections between \$500,000 and \$1 million and one percent on gross collections over \$1 million to five percent on all gross collections in excess of \$500,000 during each fiscal year. This compensation matches the rate set out in Item 441 D. of the Governor's introduced budget.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2011	-	-	-
2012	\$10,080,000	-	DMV Funds
2013	\$10,080,000	-	DMV Funds
2014	\$10,080,000	-	DMV Funds
2015	\$10,080,000	-	DMV Funds
2016	\$10,080,000	-	DMV Funds
2017	\$10,080,000	-	DMV Funds

8. Fiscal Implications: There would be no information technology resources required to implement this legislation.

The Department of Motor Vehicles (DMV) currently partners with 57 DMV Select agents operating throughout the Commonwealth. Of these, 17 are private entities and 10 are localities. The remaining Selects are comprised of either commissioners of the revenue or

treasurers. DMV Selects cannot process driver's licenses, learner's permits, or identification cards. They can do vehicle titles and registrations, license plates, trip permits and overload permits, issuance of handicapped parking placards, and other miscellaneous transactions. Though payment to DMV Selects is fee-based according to how much is collected, the average cost to DMV for each Select operated by a constitutional officer is \$45,000 per year. If each commissioner of the revenue, treasurer, or local governing body, jointly or separately, in those counties, cities, or towns that do not have either a branch office or an automated agency were to request to establish one, an additional 224 offices would be opened throughout the Commonwealth.

The cost would exceed \$10 million annually should all 224 offices open. Since no new revenues would be generated, these expenditures would have to be paid directly from DMV's current resources. The extent of these new expenditures could result in the agency having to close or reduce its operations around the state.

Additionally, a significant increase in Select locations could equate to moving customers out of DMV's more efficient and cost effective service delivery options (the internet and telephone means of service delivery).

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, any locality or locally elected constitutional officer who requests to open a DMV Select office.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is similar to SB 776.

Date: 1/27/11

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Cc: Secretary of Transportation