

Department of Planning and Budget 2015 Fiscal Impact Statement

1. **Bill Number:** HB1579

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

2. **Patron:** Cole

3. **Committee:** Transportation

4. **Title:** Vehicle registrations

5. **Summary:** This bill provides that vehicle registrations issued on and after July 1, 2015, will be permanent, unless vehicle ownership or the address where the vehicle is principally garaged changes.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Preliminary. See #8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	-	-	-
2016	\$187,320	-	NGF

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2016	\$202,462,941	NGF
2017	(\$5,844,956)	NGF
2018	(\$107,596,708)	NGF
2019	(\$112,352,377)	NGF
2020	(\$111,247,679)	NGF
2021	(\$113,599,692)	NGF
2022	(\$112,990,811)	NGF

8. **Fiscal Implications:** This legislation will result in a permanent decrease in the amount of revenue collected by the Department of Motor Vehicles from registration transactions because only new car registrations and changes in ownership or garaging location will require registrations. Currently, vehicle registrations may be valid for a period of one, two, or three years. This legislation will phase out these periods of vehicle registration. In FY 2016, there will be a large revenue gain due to the issuance of registrations at the rate currently charged for two years.

In FY 2017, revenue is impacted by the loss of the 1-year registrations, somewhat offset by the 2-year FY 2015 registrations, the 3-year FY 2014 registrations, and the FY 2017 forecast

of vehicle sales. For FY 2018, revenue is impacted by the loss of the 1-year registrations, somewhat offset by the 3-year FY 2015 registrations and the FY 2018 forecast of vehicle sales. For FY 2019 through FY 2022, revenues are fully impacted by this legislation, only offset by the forecast of vehicle sales.

The Department of Motor Vehicles estimates a one-time information technology cost of \$187,320 to implement the provisions of this legislation.

The revenue collected by the Department of Motor Vehicles (DMV) from registration transactions helps fund a number of programs, including ongoing highway maintenance, Virginia's Vehicle Safety Inspection Program, a portion of the Commonwealth's Emissions Testing Program, and training and operations for Emergency Medical Services throughout Virginia. These programs represent funds shared with the Department of Transportation (VDOT), Virginia State Police (VSP), Department of Environmental Quality (DEQ), Department of Health (VDH), and localities. The funds that will lose revenue due to this bill are the Highway Maintenance and Operating Fund (HMOF), the Transportation Trust Fund (TTF), the DMV Special Fund (DMVSF); emergency medical services and vehicle safety inspections.

In FY 2014, DMV collected \$42.3 million in emergency medical services fees and \$11.3 million in safety inspection fees. In addition to DMV, funds collected via registration fees also may be made available to the Department of Rail and Public Transportation (DRPT), Department of Aviation (DOAV), and the Virginia Port Authority through the Commonwealth Transportation Fund.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles, Virginia Department of Transportation, Virginia State Police, Department of Environmental Quality, Virginia Department of Health, Department of Rail and Public Transportation, Department of Aviation, Virginia Port Authority.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** This bill has the potential to put Virginia in violation of multistate agreements which require certain registration transactions. In particular, Virginia is a member of the International Registration Plan (IRP). Under IRP, registration fees collected by Virginia are shared with other states, and thus must be collected annually.

Registration transactions also provide DMV with an opportunity to collect statutory fees which are owed yet might not otherwise be paid. Examples of this include the Uninsured Motor Vehicle Fee, the federal Heavy Vehicle Use Tax, the Virginia road tax registration fee and for-hire operating authority fee. Additionally, special license plate and personalization fees are often collected along with registration transactions. These fees aid in paying for the license plate programs, as well as offsetting more expensive programs such as driver's license production. In addition, the bill could potentially deprive charitable organizations from revenue generated by the sale of revenue sharing plates.

Revenue estimates were forecast by the Department of Taxation. Estimated FY 2016 registrations are based on the November 2014 Commonwealth Transportation Fund forecast of total registrations. FY 2017 estimates are based on the November 2014 motor vehicle sales and use tax forecast for total car sales (including minimum and non-taxable), plus FY 2015 two-year registrations and FY 2014 three-year registrations. FY 2018 estimates are based on the November 2014 motor vehicle sales and use tax forecast for total car sales (including minimum and non-taxable) plus FY 2015 three-year registrations. FY 2019-22 estimates are based on the November 2014 motor vehicle sales and use tax forecast for total car sales (including minimum and non-taxable).

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c: Secretary of Transportation