Department of Planning and Budget
2020 Fiscal Impact Statement

1. **Bill Number:** HB 1710

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

2. **Patron:** Bagby

3. **Committee:** Transportation

4. **Title:** Vehicle registration fees; Public Safety Trust Fund

5. **Summary:** This bill imposes an additional vehicle registration fee to be deposited into the Public Safety Trust Fund, established by the bill. The additional registration fee would be $1.25 per year beginning July 1, 2020, and would be increased over a period of 10 years to $12.50 per year. The revenues in the Public Safety Trust Fund would be used to address staffing, retention, and pay suppression issues at the Department of State Police. In amendments to the introduced bill, 1.4 percent of the revenue raised as a result of this bill will go into a special fund in the state treasury to cover the costs to the Department of Motor Vehicles for collecting and distributing these funds.

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

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

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2020	-	--	-
2021	$121,341	-	Motor Vehicle Special Fund
2022	$247,535	-	Motor Vehicle Special Fund
2023	$378,729	-	Motor Vehicle Special Fund
2024	$515,071	-	Motor Vehicle Special Fund
2025	$656,716	-	Motor Vehicle Special Fund
2026	$803,820	-	Motor Vehicle Special Fund

7b. Revenue Impact:

Fiscal Year	*Dollars*	*Fund*
2020	-	-
2021	$8.892,458	Nongeneral fund
2022	$18,140,615	Nongeneral fund
2023	$27,755,140	Nongeneral fund
2024	$37,746,991	Nongeneral fund
2025	$48,127,414	Nongeneral fund
2026	$58,907,954	Nongeneral fund

8. **Fiscal Implications:** The legislation would raise vehicle registration fees by $1.25 each July from 2020 through 2029. The cumulative increase in the fee, as of July 1, 2029, would be $12.50. Currently, the base fee for most private passenger cars is either $33 (for vehicles weighing 4,000 pounds or less) or $38 (for vehicles weighing more). In addition to the base registration fee of $33/$38, the Department of Motor Vehicles (DMV) currently collects a fee of $1.50 per vehicle to support the motor vehicle safety inspection program administered by the Virginia State Police (VSP). (There are also additional fees totaling $6.25 that support Emergency Medical Services.)

   In FY 2019, there were 6,974,477 vehicles registered in Virginia. Assuming a two percent increase in vehicle registrations per year, the following revenue and expense estimates can be made for this bill:

Fiscal Year	Vehicles Registered	Fee	Total Revenue	Total DMV Expense	Total Revenue DMV	Total Revenue VSP
2021	7,113,967	$1.25	$8,892,459	$121,341	$124,494	$8,767,965
2022	7,256,246	$2.50	$18,140,615	$247,535	$253,969	$17,886,646
2023	7,401,371	$3.75	$27,755,141	$378,729	$388,572	$27,366,569
2024	7,549,398	$5.00	$37,746,990	$515,071	$528,458	$37,218,532
2025	7,700,386	$6.25	$48,127,412	$656,716	$673,784	$47,453,628
2026	7,854,394	$7.50	$58,907,955	$803,820	$824,711	$58,083,244
2027	8,011,482	$8.75	$70,100,467	$956,546	$981,407	$69,119,060
2028	8,171,711	$10.00	$81,717,110	$1,115,059	$1,144,040	$80,573,070
2029	8,335,146	$11.25	$93,770,393	$1,279,530	$1,312,785	$92,457,608
2030	8,501,849	$12.50	$106,273,112	$1,450,134	$1,487,823	$104,785,289

   DMV will incur additional expenses due to credit card merchant fees and Select office fees. The DMV cost estimates noted above are based on recent practices by individuals registering their vehicles. Approximately 48.4 percent of registration renewals are done by credit card, for which the agency pays 2 percent of the cost of the transaction each time a payment card is used. DMV will also incur costs associated with DMV Select offices. These locations are able to perform registration renewals (among other transactions), with the Department paying Select offices 4.5 percent of the revenue collected. Approximately 8.8 percent of vehicle registration renewals will be conducted by Select agents.

   Motor Carrier Services (MCS) works with a vendor to program registration fees for commercial vehicles. This legislation would require MCS to work with the vendor to incorporate the required changes, but MCS believes that this could be done as part of regular system maintenance. In order to ensure that Virginia receives the fee revenue collected by other US and Canadian jurisdictions under the International Registration Plan (IRP) in a way that makes it possible for us to allocate the revenue as directed under this legislation, MCS would need to work with staff of IRP, Inc., and member jurisdictions to establish a new revenue code for reporting revenue from this fee to the IRP Clearinghouse.

It is also estimated that the information systems processes necessary to implement the bill would require 740 hours and cost approximately $44,067.

9. **Specific Agency or Political Subdivisions Affected:** Virginia State Police; Department of Motor Vehicles.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** None.