

BDR 43-80

SB 339

EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 31, 2017

Agency Submitting: Department of Motor Vehicles, Management Services and Programs Division

| Items of Revenue or Expense, or Both | Fiscal Year 2016-17 | Fiscal Year 2017-18 | Fiscal Year 2018-19 | Effect on Future Biennia |
|------------------------------------------------|---------------------|---------------------|---------------------|--------------------------|
| Regulations (Expense) | | \$300 | | |
| Programming Cost (Expense) | | \$99,000 | | |
| Vendor Programming (Expense) | | \$500 | | |
| Off-Highway Vehicle Fee Reduction (Revenue) | | (\$51,555) | (\$51,555) | (\$103,110) |
| NVLIVE Fee Reduction (Revenue) | | (\$6,722,111) | (\$6,788,988) | (\$13,577,976) |
| Motor Carrier Division Fee Reduction (Revenue) | | (\$22,619) | (\$22,619) | (\$45,238) |
| Total | 0 | (\$6,896,085) | (\$6,863,162) | (\$13,726,324) |

Explanation

(Use Additional Sheets of Attachments, if required)

BDR 43-80/SB339 limits the amount of certain fees and penalties charged by the Department. Sections 1 and 4 require additional fees for delinquent or late registration must not exceed one-half of the cost of the fee for registration. Section 3 limits penalty and interest for late registration installment payments to not more than one-half of the unpaid fee. Sections 5 and 8 require regulations limiting reinstatement fees for failure to have liability insurance to not more than one-half of the fee for registration. Sections 6 and 7 require regulations limiting driver license and driver authorization card late penalties to not more than one-half of the fee. Sections 9 and 10 removes Off-highway vehicle late fee of \$25.00 for expired registration, and requires the Commission to determine new late fee amounts to not more than half of the fee for registration. Section 11 limits the total amount of a special fuel user's penalty and interest for failure to pay any excise tax by the due date to not more than half of the tax amount owed. The effective date of this bill is July 1, 2017.

The proposed implementation date of 7/1/2017 cannot be met due to the estimated number of programming hours needed to complete the requirements. The Department estimates 990 contract-programming hours at \$100.00 per hour, totaling \$99,000. An additional 642 in-house programming hours will be needed to implement changes and will be absorbed by the department. In addition, there will be one-time vendor costs of \$500 to implement conforming language changes on customer insurance violation letters.

The Department's budget funding will be impacted as a result of the proposed fee and penalty reductions and limitations.

Name Cyndie Munoz

Title Administrator

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Thursday, March 30, 2017

The agency's response appears reasonable.

Name Paul Nicks

Title Budget Officer

BDR /Bill/ Amendment #: 43-80/SB339
Division Name: Management Services & Programs Division
Basis for Calculation

Agency Name: Department of Motor Vehicles
Date: 3/22/2017

(1) Based on historical information, the Department anticipates no impact to additional fees for delinquent or late registration fees or penalty on installment payments. The current late registration fee is \$6 which would require a person to be late by at least three months before the aggregate fee would be more than one-half of the registration fee for passenger vehicles. The current average late registration fee is \$10, which indicates most late fees are within a one to two month threshold. Additionally, the penalty for late installment fees is 10% plus 1%, which would not exceed one-half of the unpaid fee.

(2) Reinstatement fees for failure to maintain liability insurance are expected to be reduced from \$250 for the 1st offense, \$500 for the 2nd offense, and \$750 for 3rd and subsequent offenses to a minimum of \$16.50. The Department projected losses based on the difference in the amount for each offense multiplied by the number of transactions using actual FY16 transactions grown by the demographer's growth rate.

(3) The Department is assuming there will be no impact to the driver license and driver authorization card (DAC) penalties. Current penalties are \$10, one-half of license fees issued for persons 65 years or older, eight year licenses, and four year licenses averages \$11.50.

(4) OHV penalties are projected using current FY16 actuals with flat growth showing the difference between the current \$25 fee and a projected \$10 late fee.

(5) Special Fuel User penalty plus any accrued interest must not exceed 50% of tax due. Loss of penalty and interest was determined by calculating the difference between actual FY15/16 average P&I collected and the FY15/16 average P&I the Department would be allowed to assess under the proposed language (FY15/16 actual average \$34,613.31 - FY15/16 proposed \$11,994.78 = \$22,618.53). Additional vendor programming costs are required; however, due to time constraints vendor is not able to provide an accurate proposal.

(6) Demographer's growth rate for future fiscal years: FY17 = 1.0%, FY18 = 1.1%, and FY19 = 1.0%.

(7) Adoption of regulations to establish fee reductions includes six hours for Legislative Counsel Bureau review and approval at \$50.00 per hour.

Cost to Program the CARRS Application

| | | | |
|-----------------------|----------|-----|------------|
| Contract Manager Cost | \$100.00 | 990 | (\$99,000) |
| Vendor Programming | \$125.00 | 4 | (\$500) |

Summary of Totals

| Category | FY 16/17 (Based on FY16 Actuals) | FY 17/18 | FY 18/19 | Future Biennia (FY20 + FY21) |
|----------|----------------------------------------|----------|----------|---------------------------------|
|----------|----------------------------------------|----------|----------|---------------------------------|

| | | | | |
|------------------------------------------------------------------------------------------------------------------------------|------|--------------------|--------------------|---------------------|
| Reduction in Registration Reinstatement fee amount from \$250.00 to \$16.50 NV LIVE | \$ - | \$ (5,749,704) | \$ (5,807,145) | \$ (11,614,290) |
| Reduction in Registration Reinstatement fee amount from \$500.00 to \$16.50 NV LIVE | \$ - | \$ (878,519) | \$ (887,222) | \$ (1,774,444) |
| Reduction in Registration Reinstatement fee amount from \$750.00 to \$16.50 NV LIVE | \$ - | \$ (93,888) | \$ (94,621) | \$ (189,242) |
| Reduction in late fee amount from \$25.00 to \$10.00 OHV | \$ - | \$ (51,555) | \$ (51,555) | \$ (103,110) |
| Reduction in penalty and interest fee for failure to pay tax by the due date to no more than half tax amount owed MCD | \$ - | \$ (22,619.00) | \$ (22,619.00) | \$ (45,238.00) |
| Regulations | \$ - | \$ (300.00) | \$ - | \$ - |
| Totals | \$ - | (6,796,585) | (6,863,162) | (13,726,324) |