

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi [signature]
Chief Financial Officer

DATE: November 9, 2004

SUBJECT: Fiscal Impact Statement: "Department of Motor Vehicles Reform Amendment Act of 2004"

REFERENCE: Bill 15-1011 from the Committee Print; November 1, 2004

Conclusion

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed legislation. The District's Department of Motor Vehicles (DMV) has an approved budget of \$40.79 million in FY 2005 with 365 authorized FTEs. This bill is intended as a reform initiative and must be implemented from within DMV's resources.

The proposed legislation is an omnibus legislative vehicle for adopting service-related titles relating to DMV operations. The purpose and financial impact of each title is summarized below and in the following pages.

Title I - Salvage, Flood and Non-Repairable Vehicles

Background

The proposed title defines and regulates motor vehicles that are considered salvage, flood damaged or irreparable. Most significant in the title is a requirement for owners of such vehicles to register with the DMV within 30-days of obtaining the vehicle.

Financial Plan Impact

The proposed FY 2005 through FY 2008 budget and financial plan has sufficient resources to implement the provisions of the proposed legislation. Appropriated funds and staff are provided to the DMV for these purposes.

Title II - Enforcement and Liability

Background

The proposed title amends the Clean Hands Acts to state that parking fines and fees from other jurisdictions must be cleared before issuance of any license or permit. The title is written to accommodate any reciprocity jurisdiction, including the State of Maryland and the Commonwealth of Virginia. The proposed title also authorizes the Attorney General to certify driving records, establishes procedures for mailing adjudication notices for violations of the tinted windows law, and authorizes the DMV to establish stringent regulation of dealer tags.

The proposed title requires that any owner of a motor vehicle who transfers the liability of a photo radar ticket to whomever was the operator at the time of the infraction, provide the driver's license number and jurisdiction of that operator. In addition, the proposed title eliminates the ability of lessors (e.g. rental car companies) to avoid identifying lessees for the same purposes.

Financial Plan Impact

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan because no additional staff or resources will be required to implement the title.

Title III - Revisions to Driver Education and International Registration Plan Funds

Background

The Driver Education Fund¹ was established to be the repository of funds collected by the DMV to be later transmitted to the District of Columbia Public Schools (DCPS) for the purpose of funding operations associated with District sponsored driver education programs. It was established as a trust fund where \$5 of the total fee for issuance of each motor vehicle operating permit would be deposited into a separately audited account. DMV regularly transfers these funds to DCPS. As currently structured, the fund is a special-purpose revenue fund where funds not transferred and expended lapse to the local General Fund at the conclusion of each fiscal year.

The proposed title authorizes the use of funds deposited into the Driver Education Program Fund by any applicant District agency to the DMV. The proposed title requires that all funds expended are for driver education purposes. The proposed title makes the Fund non-reverting and non-lapsing regardless of fiscal year limitations.

¹ Title 50 § 1405.01; February 12, 1982.

The International Registration Plan (IRP) is a program for licensing commercial vehicles (trucks and non-chartered buses) in interstate operations among member jurisdictions (states or provinces). The member jurisdictions of IRP are all states (except Alaska and Hawaii), the District of Columbia, and the Canadian provinces (except Yukon and Northwest Territory).

Under this program, an interstate carrier files an apportioned registration application in the state or province where the carrier is based (the base jurisdiction). The fleet vehicles and the miles traveled in each state are listed on the application. The base jurisdiction collects the full license registration fee. They distribute the fees to the other jurisdictions based on the percentage of miles the carrier will travel, or has traveled in each jurisdiction. The base jurisdiction also issues a license plate showing the word "apportioned" and a cab card showing the jurisdictions and weights for which the carrier has paid fees.

The apportioned plate and the cab card are the only *registration* credentials needed to operate in member jurisdictions. The registration credentials allow the carrier to operate both intrastate and interstate in all states listed on the cab card.

The proposed legislation establishes an IRP Fund to be the repository for funds collected from the inter- or intra-jurisdictional apportionments. The proposed legislation requires that funds deposited in the IRP Fund be expended to offset the costs of implementing the program. The proposed title makes the IRP Fund non-reverting and non-lapsing regardless of fiscal year limitations.

Financial Plan Impact

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required. The funds deposited in the IRP Fund must be appropriated for the purposes described in the proposed title. DMV will be required to remain within their resources when implementing the proposed title.

The CFO cannot estimate the expenditure and revenue aspects of implementing the provisions having to do with IRP operations. However, the table in Figure 1 presents the estimated collections to be deposited into the Driver Education Program Fund. These figures are being provided for illustrative purposes.

Figure 1.

Driver Education Program Fund				
(\$ in Millions)				
FY 2005	FY 2006	FY 2007	FY 2008	4 - Year Total
\$0.53	\$0.53	\$0.53	\$0.53	\$2.12

Federal and District anti-deficiency laws² prohibit District officers and employees from exceeding appropriations in any fiscal year. If funding is available to absorb the additional costs, then the fiscal impact would be zero. For subsequent years, the additional expenditures must be included in the budget and financial plan for DMV.

Title IV - Registration and Titling

Background

The proposed title establishes that any District resident who houses a company car in the District, or members of Congress, may register their vehicles with the District DMV. The proposed title increases the period for a temporary tag from 30 to 45 days. The proposed title authorizes the Mayor to execute contractual agreements for the purposes of outsourcing certain registration and titling functions. The proposed title authorizes DMV to synchronize the expiration dates of motor vehicle inspections and motor vehicle registration.

The proposed title establishes a new registration fee for heavier vehicles adding a Class III (vehicles 5,000 pounds or greater) with an excise tax of 8 percent. The proposed title establishes excise tax exemptions for "clean fuel" vehicles for the tax year in which the vehicle is titled. The proposed title also exempts title transfer from excise tax if the new title is the result of a divorce decree, separate maintenance agreement, other legal instrument incident to a divorce, death of one co-owner,³ re-titled in connection with an insurance claim, or pursuant to salvage title provisions established by the proposed legislation.

Financial Plan Impact

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

Title V - Establishment of Fees for Existing Services

Background

The proposed title requires an entity filing an application for an organization tag to pay an application fee of \$100. In addition, the proposed title revises the classification of passenger and commercial vehicles by weight class and updates the fee schedule for each class.

² 31 USCA § 1341 (2000) and D.C. Official Code § 47-355.01 *et sequitor* (2003).

³ Provided the title is issued to the surviving owner(s).

The proposed title establishes an annual fee of \$100 for electronic access to DMV driving records. The proposed title establishes an annual fee of \$1,200 for the periodic receipt of electronic records containing customer registration-related information.

Financial Plan Impact

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

Title VI - Regulatory Amendments

Background

The proposed title⁴ authorizes a \$10 charge for persons who fail to make scheduled appointments for road tests. In order to avoid the fee, the applicant must cancel two business days prior to the scheduled test. All road test fees must be cleared before the road test may be administered. The proposed title extends the expiration period for Special Identification Cards, that are issued to District residents over the age of fifteen years and cannot take the place of a driver's permit, from four to five years. This expiration period is in-line with that of a District driver's permit.

A fee of \$20 will be established for the issuance and renewal of special identification cards and \$7 for replacement cards. Residents who are 65 years of age or older will be exempted from the fees established for special identification card purposes. Residents released from federal correctional facilities within the past six months will be exempted from this fee.

The proposed title authorizes the Director of the DMV or the DMV Hearing Examiner to suspend a person's driving privileges upon the accumulation of 8 or 9 demerit points. The proposed title makes other changes to the District of Columbia Municipal Code on the subjects of demerit point system schedules, titling of motor vehicles and trailers, and definitions of commercial vehicles.

The proposed title establishes a civil fine of \$500 for covering the letters of vehicle license tags. The proposed title establishes a civil fine of \$100 for operating a motor vehicle with an open container of an alcoholic beverage.

Financial Plan Impact

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.

⁴ Title VI amends Title 18, DCMR 103 and 112.

Title VII - Disabled Parking Tags and Permits

Background

The proposed title removes the requirement for a physicians certification to accompany an application for a handicapped license tag or parking placard in the case where the person has lost the use of one or both legs, and the case of persons who can only walk with the assistance of a mechanical device. The proposed title authorizes the issuance of a one-week disabled parking placard without a physicians certification to persons with short-term disabilities or persons who are temporarily unable to use a vehicle for which a handicapped license tag has been issued.

The proposed title increases the expiration period of handicapped license tags from 1 to 5 years. However, the Director of DMV may issue for a greater period not to exceed 6 years for the purpose of synchronizing a person's expiration of a driving permit with that of the handicapped license tag or placard.

The proposed title requires that a handicapped parking tag or placard may not be replaced more than two times in any year.

The proposed title authorizes the Director of DMV to issue handicapped parking license tags or placards to organizations that apply, and regularly transport handicapped individuals.

Financial Plan Impact

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the proposed title because no additional staff and resources will be required.