

**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chair, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** JAN -8 2008

**SUBJECT:** Fiscal Impact Statement: "Motor Vehicle Theft  
Prevention Act of 2007"

**REFERENCE:** Bill Number 17-138, Committee Print

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**Conclusion**

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to establish the proposed fund and to implement the collection of approximately \$1.1 million annually from new vehicle registration fees. Funds are not sufficient to divert fines and fees (approximately \$250,000 annually) collected from uninsured motorists from the General Fund to a new special use fund. However, Section 8(2) of the proposed legislation would make this diversion subject to appropriations.

**Background**

The proposed legislation would establish the District of Columbia Motor Vehicle Theft Prevention Commission ("Commission") and the Motor Vehicle Theft Prevention Fund ("Fund") for the purpose of reducing the incidence of motor vehicle theft in the District through strategies to improve public awareness, law enforcement, prosecution, and juvenile intervention.

The proposed legislation would establish the Commission, consisting of 9 members who would serve without compensation, which would be empowered to develop strategies to reduce motor vehicle theft in the District. Specifically, the proposed legislation would allow the Commission to make grants and provide financial support to law enforcement agencies, commission studies, sponsor plans to improve administration of motor vehicle theft laws, coordinate interagency cooperation, enter into contracts, and hire personnel to administer the Commission. Under the

proposed legislation, the Commission would be required to submit an annual report to the Mayor and the Council that describes the Commission's activities and financial status in the previous fiscal year.

In addition to establishing the Commission, the proposed legislation would establish the Fund, which would be administered by the Commission. The Fund would be nonlapsing and funds in the Fund would not revert to the unrestricted fund balance of the District's General Fund. The Fund would receive payments from an annual \$5.00 fee for each motor vehicle required to be registered in the District and, subject to the availability of funds, from fines and penalties for failure to have motor vehicle insurance.<sup>1</sup> The proposed funding sources in the legislation would supplement an initial allocation of \$500,000 from the Metropolitan Police Department.<sup>2</sup>

### **Financial Plan Impact**

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to establish the proposed fund and to implement the collection of the new vehicle registration fee. The proposed legislation would require persons registering a motor vehicle in the District to pay an annual fee of \$5. Based on recent trends in motor vehicle registration, this fee would generate approximately \$1.1 million annually.<sup>3</sup>

Funds are not sufficient to allocate funds generated from fines and penalties for failure to have motor vehicle insurance to the new Motor Vehicle Theft Prevention Fund. Funds from fines and penalties would total approximately \$250,000 per year. Accordingly, the General Fund would be depleted by this amount. However, Section 8(2) of the proposed legislation would make this diversion subject to the availability of appropriations.

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<sup>1</sup> Specifically, the proposed legislation specifies that fines and penalties pursuant to D.C. Official Code § 31-2413 (b) for violations of subsection (a) are to be deposited into the Fund. These fines are given to owners who fail to maintain required insurance, persons who own or operate a vehicle without required insurance, or persons who fail to present valid proof of insurance for the vehicle in operation.

<sup>2</sup> In Section 2(a)15(d) of the "Fiscal Year 2008 Supplemental Appropriations Emergency Act of 2007," an amount of \$500,000 was allocated "to the Metropolitan Police Department to provide seed money for the Motor Vehicle Theft Prevention Fund." This allocation is a one-time source of funding for the purpose of starting the work of the Commission and the Fund.

<sup>3</sup> Based on data from the District Department of Motor Vehicles (DMV), there were approximately 218,000 initial and renewal registrations in the District in FY 2007. At an annual rate of \$5 per registration, this would generate almost \$1.1 million per year.

Figure 1.

Summary Table Estimated Impacts to the Financial Plan of the Motor Vehicle Theft Prevention Act of 2007 (\$ in thousands)					
Item	FY 2008	FY 2009	FY 2010	FY 2011	4 – Year Total
Fines & Penalties – Failure to Have/Provide Proof of Insurance*	\$250	\$250	\$250	\$250	\$1,000
Annual Registration Fee of \$5	\$1,088	\$1,088	\$1,088	\$1,088	\$4,352
<b>Net Annual Impact</b>	<b>\$1,338</b>	<b>\$1,338</b>	<b>\$1,338</b>	<b>\$1,338</b>	<b>\$5,352</b>

Note: \* Annual amount diverted from General Fund to new Motor Vehicle Theft Prevention Fund.