

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2023 Regular Session
Legislative Revenue Office

Bill Number: HB 2100 - 8
Revenue Area: Highway Fund
Economist: Mazen Malik
Date: 05-16-2023

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Alters or raises various DMV fees. Increases a variety of fee DMV fee changes that are intended to recover the cost of administering these services.

Revenue Impact:

DMV generated Revenue		2023-25 Revenue (18 Months)	2025-27 Revenue	2027-29 Revenue
State Highway Fund Total		\$17,991,280	\$24,614,664	\$25,315,160
	State (ODOT) 60.05%	\$10,803,764	\$14,781,106	\$15,201,754
	Counties 24.38%	\$4,386,274	\$6,001,055	\$6,171,836
	Cities 15.57%	\$2,801,242	\$3,832,503	\$3,941,570
ID Card (TOF - Elderly & Disabled Special Trans Fund)		\$262,926	\$354,393	\$364,316
RV's to Parks		\$777,201	\$1,033,002	\$1,061,926
Total		\$19,031,407	\$26,002,059	\$26,741,402

Impact Explanation:

DMV fees cover operating expenses, DMV's share of transportation funding packages, and to transfer remaining funds to the State Highway Fund (SHF). Since those base fees are not dedicated to cover DMV costs, the remainder (net revenue) is transferred to the SHF where this portion of net revenue is apportioned the State (ODOT 60.05%), Cities (15.57%) and counties (24.38%). However, since 2015-17 biennium, the fees not connected to funding packages yielded no net revenue to the State Highway Fund. Except for transportation packages like OTIA (I,II, and III), JTA, and HB 2017, most base DMV fees have not been increased in 20-25 years. All fee increases by transportation funding packages were dedicated to something other than DMV operations. HB 4062 (2018 Legislative Session) made small changes to align some fees.

For 2019-21, the DMV Gross Base Revenue was \$261M and the DMV Operating Cost, Central Service Assessment, and Service Transformation Program Expense was \$327M. This is the second biennium that

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operational cost exceeds base revenue, and the deficit will continue and grow until base rates are adjusted. In essence, by not raising DMV fees, the legislature through the budget process is allowing DMV costs to be subsidized from other (non-dedicated) highway fund sources. By increasing the fees, the bill is removing the subsidy and restoring that revenue to the highway fund. This revenue in turn gets apportioned to the state (ODOT), counties and cities on the same percentages that govern the base fee distribution.

Below is a table of all the fee adjustment in this measure.

	Current Statutory fee	Proposed Statutory fee	Actual 2019- 21 Cost	Section	ORS
Driver Licensing					
Original Class C Driver License	\$54.00	\$58.00	\$70.93	1	807.370(1)(a)
Class C Driver License Renewal	\$34.00	\$48.00	\$67.14	1	807.370(5)(a)
Class C Driver License Replacement	\$26.00	\$30.00	\$33.04	1	807.370(6)
Orig. Class C Instr. Permit	\$23.00	\$30.00	\$111.89	1	807.370(1)(e)
Class C Instruction Permit Renewal	\$23.00	\$26.00	\$111.89	1	807.370(5)(e)
Class C Instruction Permit Replacement	\$26.00	\$30.00	\$33.04	1	807.370(6)
Class C Knowledge Test	\$5.00	\$7.00	\$2.55	1	807.370(7)(a)
Class C Skills Test	\$9.00	\$45.00	\$123.16	1	807.370(7)(d)
Motorcycle Knowledge Test	\$5.00	\$7.00	\$2.55	1	807.370(7)(b)
Motorcycle Endorsement w/Issuance or Renewal	\$46.00	\$60.00	\$58.62	1	807.370(3)(a)
Motorcycle Endorsement only	\$49.00	\$60.00	\$58.62		807.370(3)(b)
Original CDL	\$75.00	\$160.00	\$137.97	1	807.370(1)(c)
CDL Renewal	\$55.00	\$98.00	\$77.13	1	807.370(5)(c)
CDL/CDP Replacement	\$26.00	\$30.00	\$33.04	1	807.370(6)
Orig. CDL Instr. Permit	\$23.00	\$40.00	\$114.05	1	807.370(1)(f)
CDL Skills Test	\$70.00	\$145.00	\$613.12	1	807.370(7)(e)
All Hardship/ Probationary Permits	\$50.00	\$75.00	\$100.33	1	807.370(1)(L)
All Reinstatements	\$75.00	\$85.00	\$82.64	1&2	807.370(10) + 807.410(d)
Original ID Card	\$44.50	\$47.00	\$33.40	2	807.410(1)(a)
ID Card Renewal	\$40.50	\$43.00	\$28.82	2	807.410(1)(b)
ID Card Replacement	\$39.50	\$40.00	\$15.87	2	807.410(1)(c)&(g)
Vehicles					
License Plate Transfer	\$6.00	\$30.00	\$45.13	6	803.575(3)
Replacement Plate/Sticker	\$10.00	\$12.00	\$28.42	6&7	803.575(2)&(5) & 805.250
Replacement Plate/Sticker (At Renewal)	\$5.00	\$12.00	\$28.42	6&7	803.575(2)&(5) & 805.250
VIN Inspection	\$7.00	\$9.00	\$4.18	3	803.215
Rounding to whole dollar					
Trailer or Campers over 10 ft extra per foot	\$6.75	\$7.00	NA	4	803.420(7)(c)(B)
Motor homes over 14ft extra per foot	\$7.50	\$8.00	NA	4	803.420(7)(c)(D)
Plate manufacturing cost rounded to whole dollar	\$0.50	\$1.00	NA	5	803.570(2)(a)
Moped and Motorcycle Registration Term					
Registration Period for Moped and Motorcycle 4 yrs to 2 yrs	\$176.00	\$88.00	NA	8	803.415

Under-performing fees also result in unintended consequences:

- a. Plate transfer fees (\$6) are substantially below cost (\$45.13) and incentivize transfers of plates with unexpired registration instead of buying a new plate set (\$24) plus 2-year or 4-year vehicle registration. Plate transfer transactions grew from 87,895 in 2009-11 biennium to 146,350 in the 2019-21 biennium. Changes were made in the 2018 legislative session around this activity, to address fraud and theft.

b. Regular Class C drive test fees (\$9) are below their cost (\$123), and significantly undercut the private businesses that offer non-commercial driver skills tests on behalf of DMV. In fact, the entire \$9 fee is dedicated revenue under the JTA funding package. Due to expansion of the Third-Party Testing Program and DMV staffing constraints, about 75% of drive test are now being conducted by third party testing services.

From the table of fees above it is obvious that even after the increase in statutory fees in this measure, some fees will still be under the threshold of cost recovery, thus some subsidization of these transaction continues to be the effect of this revenue policy choice. These costs would essentially still be subsidized by the pre-apportioned revenue of the highway fund.

Creates, Extends, or Expands Tax Expenditure: Yes No