



DMV

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Commissioner
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Background

- DMV, like other agencies, has faced major declines in revenue, mainly attributable to declines in auto sales.
- DMV's latest forecast projects growth of only 0.6% in FY 12 and -1.1% in FY 13.
- Recent economic events have raised questions about the strength of the recovery. DMV has seen some revenue weakness in recent months, leaving uncertainty about the timing and strength of the recovery.

Background

- Since 1999, DMV has transferred an average of \$11.8 million per year to the General Fund to support other priorities.
- Since FY 2006, DMV has transferred an average of \$22.9 million per year from its share of the Motor Vehicle Rental Tax to DRPT to establish the Rail Enhancement Fund.
- Total transfers of \$291.2 million since 1999.

Recent Actions

- During the 2008 Session, DMV worked with the Administration and General Assembly to address the revenue issue. Ultimately, the solution implemented a \$5 surcharge on in person registration renewals at our Customer Service Centers (CSCs) and extended the validity period of driver's licenses from 5 to 8 years. This had the effect of driving customers to low cost service options and increasing revenue collections.
- DMV secured minor legislative changes during the 2011 session that will result in \$2.4 million in increased revenue. Furthermore, the decision to decline participation in Real ID will allow the agency avoid significant spending to comply.

Recent Actions

- DMV is focused on reducing costs and improving service
 - Implemented restriction on DMV Selects processing Online Dealer work, over \$1,100,000 saved
 - Established IT review team to reduce storage/server costs, over \$1,400,000 saved to date
 - Online PIN issuance, over 900,000 issued, over \$470,000 in savings
 - E-notifications, over 750,000 vehicles in program, over \$400,000 in savings
 - Internet-based registration renewal volumes now exceed all in person service options (CSCs and DMV Selects) combined
 - Combined total of over **\$4.7 million in savings** and growing
 - Since July, DMV average wait time is 16 minutes, lowest in 10 years
 - Partnerships with DGIF, VDH, DVS, DJJ, and DOC

Outlook

- Even though these actions are a success, more must be done to address the long term revenue pressure.
- The December 2011 forecast from the Department of Taxation forecasts a \$19.9 million decline in revenue, starting in July 2013 (FY 2014) for 3 years. Due mainly to the transition from a 5 year to 8 year license (years 6,7, & 8.)
- The decline and impact of new rates for VITA, VRS, and healthcare require more revenue to maintain services.

Solution

- No across the board fee increases, limited impact
 - Establish a \$10 late fee on vehicle registration renewals
 - Establish a minimum \$20 fee on driver's licenses, to include limited duration and replacements
 - Standardize fee on replacement and supplemental titles to \$10
- More than 90% of Virginians **will NOT** be impacted by these proposals
 - Cost of registrations renewed on time **will NOT go up**
 - Cost of normal driver's license **will NOT go up**
 - Cost of a normal title (when you buy a car) **will NOT go up**

DMV Selects

- Public and private partners that provide limited service at 57 locations across the state
- Program was expanded and reimbursement rate was increased 4 years ago to prepare for Real ID
- DMV was directed by the General Assembly to complete a study on the program

Select Study

- Since 1994, the program has grown from 23 to 57 locations.
- Costs have increased 690%, to over \$4 million annually.
- Program provides an important and valued service that DMV is committed to maintaining for the citizens.

Select Study

Program needs to be stabilized and requires a stable funding source for ongoing support, options include:

- Extend the \$5 fee for registration renewals to Selects
 - Increase the local vehicle registration withholding fee by \$10
 - Establish new service and allow a one time one month vehicle registration extension for \$10
- Solution is supported by the Selects and the Commissioners of the Revenue Association

Conclusion

- DMV is facing a nearly \$20 million decline in revenue starting July 2013.
- DMV is asking for support to meet part of this decline with fee increases that address the cost of doing business and will have **no impact on 90% of Virginians.**
- DMV is committed to finding additional savings to offset the remaining shortfall and other expenses from changes to VRS, healthcare, and VITA rates.

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