



**DATE:** February 5, 2018

**TO:** House Committee on Transportation Policy

**FROM:** Amy Joyce, Legislative Liaison

**SUBJECT:** HB 4062, DMV Fee Streamlining

## **INTRODUCTION**

The Department of Transportation conducted a DMV cost and fee study that led to HB 2290 in 2017. The bill proposed fee changes to recover costs and achieve greater consistency. Some elements of the bill were adopted in the Transportation Funding Package (HB 2017), while HB 2290 did not pass. This bill brings back the streamlining and consistency provisions from that bill.

## **BACKGROUND**

The Driver and Motor Vehicle Services Division (DMV) conducted an extensive cost and fee study in 2013. The methodology was approved by an oversight body that included the Legislative Fiscal Office. Two key philosophies underpinned the study. First, every cost that DMV incurs must be attributed to some product or service for which DMV may charge a fee. In that way, all DMV costs are covered and the Highway Fund does not supplement those fees. Second, fees increased in prior funding packages and dedicated to specific purposes were taken off the top. For example, revenues attributed to a fee in the Jobs and Transportation Act (JTA) to pay off bonds should be used for that purpose. Those revenues are not counted in calculating the revenue DMV receives to run its operations.

DMV refined the study in 2015 and 2016. Each study demonstrated that several DMV products and services cost more – some much more - than the fee DMV charges. Consequently, ODOT introduced HB 2290 in the 2017 session. The bill sought to increase several fees to cover costs. Another significant aspect of the bill was to streamline the law by reorganizing many of the statutes to make them more logical and understandable, and by assessing similar products and services the same fee. The House Committee on Transportation Policy considered the bill, amended it significantly, and sent it with a do-pass recommendation to Ways and Means. HB 2290 did not emerge from Ways and Means. A few elements were incorporated into HB 2017 – the transportation funding package, including assessing a consistent fee for various types of title, and making consistent several fees for permanent vehicle registration.

## **DISCUSSION**

HB 4062 brings forward additional streamlining measures in DMV's fees that were not captured in a bill that passed during the 2017 session. It does not address cost recovery issues. The bill significantly reorganizes the statutes for the regulation of businesses and for driver licenses and ID card fees. Only a few fees substantively change.

There are nine fees in the bill that are rounded up to whole dollar amounts. In addition, three sets of fees are not internally consistent and would be made uniform. The various fees for different versions of a CDL skills test are \$70, \$56, or \$0. Each test takes roughly the same amount of time: about 2.5 hours. While \$70 does not cover the actual cost for any of these tests, it would be both reasonable and more efficient to charge the same amount for similar tests. Another set of internally inconsistent fees are for knowledge tests. The Class C driver license knowledge test is \$5, while there is no charge at all for a Motorcycle Endorsement knowledge test. Nearly all CDL knowledge tests are \$10; one is free. And adding a school bus endorsement to a CDL is \$21 in some circumstances, but \$61 in others. A fee of \$30 in any circumstance achieves consistency.

The bill also requires DMV to report to the Legislature each biennium on the status of costs and fees. Routine reporting keeps the Legislature apprised of cost and volume changes, and to what extent fees are, or are not, covering the cost of each product. It would then be up to the Legislature to decide any policy change based on that information.

Last, the bill reinstates a registration fee inadvertently omitted during the 2017 session. The fee is for the lowest weight class of manufactured structure hauling vehicles; there are usually about 20 such active registrations at any one time.

#### **SUMMARY**

Some DMV fee efficiencies were approved during the 2017 Session. There are more opportunities for efficiencies to be gained in this bill. A biennial reporting requirement will keep the Legislature informed on whether the agency is recouping the costs to run DMV.

Attachment:  
Fees changed in HB 4062

## HB 4062

### Driver Licensing Fee Changes for Efficiency

#### Fee Streamlining – Aligning Fees with Other “Like” Fees

Product	Other “Like” Transactions	Current Fee	Proposed Fee
CDL Airbrake Skills Test	\$70	\$56	\$70
CDL Combination Knowledge Test	\$10	\$0	\$10
CDL School Bus Endorsement Skills Test	\$70	\$0	\$70
CDL Passenger Endorsement Skills Test	\$70	\$0	\$70
Motorcycle Knowledge Test	\$5	\$0	\$5
Add School Bus Endorsement to CDL	\$26.50*	\$21/\$61	\$27

*\*DMV charges the replacement fee to add CDL endorsements to an existing CDL  
Replacement fee below would round up to whole dollar amount*

#### Fee Streamlining – Rounding Fees to Eliminate “Cents”

Product	Current Fee	Proposed Fee
Original Commercial Driver License	\$75.50	\$76
Original Instruction Permit	\$23.50	\$24
Commercial Learner Permit	\$23.50	\$24
Limited Term Commercial Learner Permit	\$23.50	\$24
Special Student Driver Permit	\$23.50	\$24
Emergency Driver Permit	\$23.50	\$24
Commercial Driver License Renewal	\$55.50	\$56
Instruction Permit Renewal	\$23.50	\$24
Replacement Driver License or Permit	\$26.50	\$27