

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2020 1st Special Session
Legislative Revenue Office

Bill Number: HB 4210
Revenue Area: Court Fines and Fees.
Economist: Mazen Malik
Date: 06/24/2020

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Repeals driving privilege suspension and eliminates imposition of driving privilege restrictions for failure to pay fine.

Revenue Impact (in \$Millions):

		2019-21	2021-23	2023-25
	State Courts Fee reduction	(\$0.33)	(\$0.91)	(\$0.94)
	State Courts Fines reduction	(\$0.77)	(\$0.85)	(\$0.59)
	Subtotal Reduction from State Courts	(\$1.10)	(\$1.77)	(\$1.54)
	Local Courts Fee reduction	(\$0.27)	(\$0.75)	(\$0.77)
	Local Courts Fines reduction	(\$1.26)	(\$1.40)	(\$0.97)
	Subtotal Reduction for Local Courts	(\$1.53)	(\$2.14)	(\$1.74)
Total	ALL Courts Reductions	(\$2.64)	(\$3.91)	(\$3.28)
	Hwy Fund Revenue Reduction	(\$0.55)	(\$1.52)	(\$1.57)
Total	Revenue reductions all Funds	(\$3.19)	(\$5.43)	(\$4.85)

Impact Explanation:

This measure (similar to HB 4065 of the 2020 session) would affect revenue to the state courts and to local courts. On average, 20% of traffic violation cases have one or more license suspensions for failure to pay. In 2019, circuit courts suspended approximately 28,000 driver licenses for failure to pay. However, for the purpose of drawing an analysis picture, we start with the failure to comply that is a larger set of violations. That set was 98,669 suspensions enacted by the courts for Failure to Comply (FTC) in 2019. Out of that number, 51,539 were either rescinded or reinstated for the whole state (all courts). Thus, for the suspensions total (98,669) a subset of 23,182 were rescinded and another 28,357 were reinstated. The exact figure for reinstatements performed by DMV (which collects a \$75 fee) for 2019 was 9,985. That shows the limited number of individuals that pay the fee and reinstate their licenses out of the total suspensions. The courts, on the other hand, will collect their \$15 fee on the higher number which includes both rescinded and reinstated.

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DOR and private collection firms collect approximately \$8.5 million per biennium through a license reinstatement program in cases where the license was suspended for either failure to pay a fine or failure to appear. DOR/PCF collections would continue to use this program to collect on all cases where the license was suspended for failure to appear (approx. 30% of payment plans) and failure to pay (approx. 70% of payment plans) under current law. The program will continue, and the revenue is expected to be realized although the timing might change and could take more effort to be collected (e.g., by wage garnishment). The change in suspension is likely to postpone the collections in the first 3 years of the program before it stabilizes to a predictable average. DWS/R (Driving while Suspended or Revoked) violation cases cited into circuit and local courts are expected to go down, keeping in mind, that the collection rate in the circuit courts on those violations are 9%. The local courts reported a much higher rate (almost double) than that. This will be a permanent reduction of revenue to both state and local courts.

ODOT/DMV will experience a revenue reduction due to decreased driver license reinstatement transactions (at \$75 per transaction).

Creates, Extends, or Expands Tax Expenditure: Yes No