

BDR 43-1204 SB 452

EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: May 10, 2023

Agency Submitting: Department of Motor Vehicles, Research and Project Management

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Loss to General Fund (Revenue)		(\$27,548,000)	(\$28,225,000)	(\$56,450,000)
Increase to Highway Fund (Revenue)		\$27,548,000	\$28,225,000	\$56,450,000
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

BDR 43-1204 relates to governmental administration and would revise the formula for distribution of proceeds from basic governmental services tax (BGST). Sections 1 through 3 of the bill make particular and conforming changes to reflect that 100% of BGST collections would go to the Highway Fund, instead of current practice of 25% being directed to the General Fund. The bill would go into effect July 1, 2023.

The Department has reviewed this bill and determined there will be a minimal impact. DMV will still retain its commission for handling and processing BGST revenue collected. While there will be no overall change to BGST charged during vehicle registration transactions, there will be an impact to the BGST amounts distributed to the General Fund and Highway Fund. There will be a loss to the General Fund with an equal increase to the Highway Fund. In addition to this, the change will require programming in the DMV system.

DMV is currently engaged in its "transformation effort" (DTE), to revise business processes, reorganize, and move systems to a cloud solution. This will greatly improve DMV services and allow customer transactions online. DTE project delivery will continue into 2026 and involves over 100 staff and contractors. The proposed effective date will require programming, testing and implementation in the legacy system and minimal impact to DTE outside of resources for CARRS programming. This potentially creates risk and additional work. Programming for changes to collection of BGST is estimated to be approximately 20 hours, and DMV will absorb the work for changes within its existing operations.

Name Angela Smith-Lamb

Title DMV Administrator

GOVERNOR'S OFFICE OF FINANCE COMMENTS

The agency's response appears reasonable.

Date Wednesday, May 10, 2023

Name Amy Stephenson

Title Director