

# OFFICE OF FISCAL ANALYSIS

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sSB-261

## AN ACT CONCERNING RECOMMENDATIONS BY THE DEPARTMENT OF MOTOR VEHICLES.

As Amended by Senate "A" (LCO 9956)

House Calendar No.: 590

Senate Calendar No.: 96

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Department of Motor Vehicles	TF - Revenue Gain/ Loss	See Below	See Below
Department of Motor Vehicles	School Bus Seat Belt account (Non-lapsing GF) - Revenue Gain	Minimal	Minimal
Department of Energy and Environmental Protection	Connecticut Lakes, Rivers and Ponds Preservation account (Non-lapsing GF) - Revenue Gain/Cost	Minimal	Minimal
Resources of the Special Transportation Fund	TF - Potential Revenue Loss	Minimal	Minimal
State Revenues	GF&TF - Potential Revenue Gain	Minimal	Minimal
Department of Motor Vehicles	TF - Cost/Revenue Gain	See Below	See Below
CT Airport Authority	Bradley International Airport Fund - Revenue Gain	See Below	See Below
Department of Revenue Services	Various - Potential	Indeterminate	Indeterminate

Primary Analyst: PM  
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Reviewer: MM

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	Revenue Impact		
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Note: TF=Transportation Fund; GF&TF=General Fund & Transportation Fund; Various=Various

***Municipal Impact:***

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	Potential Revenue Loss/ Gain	See Below	See Below

***Explanation***

**Sections 1 and 2** require the Department of Motor Vehicles (DMV) to revoke an identity card due to misrepresentation or deceit and impose a \$175 restoration fee with a requirement that \$50 of each fee be deposited into the School Bus Seat Belt account. To the extent that identity cards are revoked, and people seek restoration, this section results in minimal revenue gain to both the Transportation Fund and to the School Bus Seat Belt account, depending on the number of identity card restorations.

**Section 4** imposes a \$25 per application fee on entities that fail or refuse to file certain applications electronically upon the request of the DMV Commissioner and, to the extent that entities are non-compliant and that the fee more than covers administrative costs, results in potential minimal revenue gain to the Transportation Fund.

**Sections 5 and 6** establish fees for the Save Our Lakes commemorative license plate, remove the requirement that fees be established through regulation, and make conforming technical changes. A fee of \$60 (or \$80 for non-standard plates) will be charged for the plate in addition to the registration fee. Of the total fee, \$15 shall go towards the production of the new plate and \$45 (or \$65 for non-standard plates) shall go into the renamed "Connecticut Lakes, Rivers and Ponds Preservation account," to be used by the Department of Energy and Environmental Protection for the purposes outlined in the bill. This account was established by PA 18-101 as the "Connecticut Lakes and Ponds Preservation account."

**Section 7** increases the registration fees for student transportation

vehicles designed as passenger vehicles, resulting in no fiscal impact because this section is codifying current practice.

**Section 8** modifies insurance requirements for certain commercial passenger vehicles and has no fiscal impact to the state or municipalities because it deals with commercial insurance requirements.

**Section 9** lengthens, from 30 to 60 days, the period during which a person may operate a motor vehicle with a valid out-of-state license following establishment of Connecticut residency. As under current law, violations of this section will be subject to fines of up to \$90 for a first offense and higher amounts for subsequent offenses. In FY 20, 98 violations resulted in fine revenue of \$14,929. To the extent that fewer people are fined as a result of lengthening the out-of-state license grace period, this section results in potential minimal revenue loss to the Transportation Fund.

**Section 14** requires the DMV to check the federal Drug and Alcohol Clearinghouse before validating a commercial driver's license beginning January 6, 2023, resulting in no fiscal impact because clearinghouse costs will be funded through the relevant federal agency.

**Sections 15 and 16** modify the duration of commercial learner's permits (CLPs) from 180 days, with an option to renew, to a single one-year duration and increase the fee a commensurate amount, from \$10 to \$20. In FY 19 and FY 20, DMV issued an average of 5,672 CLPs, of which 4,798 were for initial issuances and 874 were for renewals. To the extent that this same proportion of applicants need only a 180-day CLP but are now required to pay for a full-year duration, these sections result in revenue gain of approximately \$48,000 annually.

**Section 18** expands the option for seniors to obtain a one-year registration to include combination registration on passenger vehicles. The bill adjusts the fees proportionately; however, to the extent that seniors decide to shorten their renewal periods, there may be a

maximum revenue loss of approximately \$52,800 in FY 22 and \$44,000 in FY 23<sup>1</sup>, with annual fees returning near current levels by FY 25. This revenue loss would be dependent on the number of individuals who choose the shorter registration period and it is not anticipated that every individual would choose this option.

**Section 30** lengthens, from 60 to 90 days, the period by which new residents must register an out-of-state vehicle in Connecticut, lowers the fine for violations from \$1,000 to \$250, and provides an exemption from the fine for register prior to the imposition of the fine. In FY 20, 78 violations resulted in fine revenue of \$150, with all collections remitted to the municipalities in which the violations occur. To the extent that fewer people are fined, and at a reduced level, this section results in potential minimal revenue loss to municipalities.

**Section 32** allows municipalities to establish a fine of up to \$250 on owners of motor vehicles that are subject to local property tax but not registered with DMV, resulting in potential revenue gain to municipalities.

**Section 36** removes the requirement that children with disabilities must be under age 18 for parents or guardians to receive accessible placards. This section results in a potential minimal revenue gain to DMV to the extent that more temporary placards are requested due to the expanded eligibility. In FY 20, collections from temporary placards were \$38,850. Under current law, and unchanged by the bill, there is no fee for a permanent placard.

**Section 37** creates a new infraction for failing to yield the right-of-way to a bus traveling in the same direction when the bus appropriately signals to reenter the flow of traffic. To the extent that offenders are fined, this section results in potential minimal revenue.

**Section 40** lowers, from \$25 to \$15, the fee for replacing mutilated or

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<sup>1</sup> There are approximately 2,400 passenger combination vehicles currently registered by seniors. These figures assume that population remains constant and that all eligible seniors opt for the one-year renewal.

illegible veteran plates. DMV systems do not track the number of mutilated veteran plates that are replaced each year. However, in FY 20 DMV replaced 11,414 mutilated plates of any kind, which represent approximately 0.4% of total active plates.<sup>2</sup> Assuming a similar percentage of mutilated plate replacements applies to the 17,770 active veteran plates, this section results in an estimated revenue loss of less than \$1,000 annually.

**Section 43** requires DMV to report on compliance with the laws regarding the sale and repair of fire apparatus and does not result in a fiscal impact because this is within the department's current expertise.

**Section 44** requires DMV to verify with the Federal Motor Carrier Safety Administration (FMCSA) that commercial driver's license applicants have undergone federally-required training. This results in no fiscal impact because the requisite verification will be provided by FMCSA at no cost to DMV.

**Section 45** expands the authority for DMV and the Department of Administrative services to share organ and tissue donor information to include instruction permit holders and has no fiscal impact.

**Section 47** lowers the Drive Only License three-year renewal fee from \$72 to \$36, which is commensurate with the per-year fee amount for standard license renewals. This is anticipated to result in STF revenue loss of approximately \$222,000 in both FY 22 and FY 23, dependent on the number of renewals.<sup>3</sup>

**Section 49** requires DMV to issue special plates indicating service during a "period of war" to veterans who received campaign medals. This section requires DMV to charge a fee that covers the entire cost of making such plates, resulting in both costs and revenue for the STF of an equal amount.

**Section 50** permits DMV to waive license and identity card renewal

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<sup>2</sup> As of April 1, 2021, according to data provided by DMV.

<sup>3</sup> Estimate reflects 50% of FY 20 Drive Only License renewal fee collections.

fees for veterans who apply while attending a one-day event hosted by the Department of Veteran Affairs (DVA). There are an estimated 165,000 veterans in the state. It is not known how many veterans have licenses or identity cards, how many would renew at these DVA events, or to what extent DMV would exercise this authority.

Two scenarios will be utilized to demonstrate a range of potential revenue loss. Scenario A assumes that 10% of veterans participate in the DVA event and have their renewal fee waived. This scenario would result in annual revenue loss of \$198,000. Scenario B assumes that 2% of veterans have their fee waived and would result in annual revenue loss of \$39,600. Both scenarios assume that renewals would be spread out equally over the current eight-year validity period and would be otherwise subject to the \$96 renewal fee for licenses.

**Section 64** allows the Connecticut Airport Authority to collect fees from peer-to-peer (P2P) car sharing programs operating at Bradley International Airport and results in a potential revenue gain to the authority. The level of revenue gain is dependent on 1) the number of programs that will operate at Bradley and 2) the terms of the agreements.

**Section 65** requires the Department of Revenue Services to issue guidance on the applicability of sales and use tax to P2P car sharing services. The revenue impact is indeterminate because current law is unclear on the tax treatment of P2P services. Traditional rental car services are taxed at 9.35%; however, in practice certain P2P companies collect the 6.35% general sales tax rate.

The other sections of the bill are technical, make conforming changes, or otherwise do not have a fiscal impact to the state or municipalities.

Senate "A" eliminates the bill and its associated impact and results in the impact described above.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the number of violations, or as otherwise described.

*The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*