



**Senate Finance Committee  
Subcommittee on Transportation**

**DMV Fiscal Outlook**

**Richard D. Holcomb  
Commissioner  
Department of Motor Vehicles  
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Department of



Motor Vehicles

# Challenges

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- Major declines in revenue
- Fewer employees
- Larger, more diverse customer-base
- Escalating IT, VRS and health care costs
- As a Special Fund agency, DMV pays cost increases from existing revenue streams

# Revenue Challenges

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- In 2008, DMV's 6-year revenue forecast was revised downward by \$48.9 million
- Current revenue growth forecast
  - 0.8 percent in FY 2011
  - 0.4 percent in FY 2012
- Since 1999, DMV transferred \$152.8 million to General Fund
- Since 2006, \$113.4 million in rental tax revenue to DRPT

# Revenue Challenges

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- In FY 09, short-term revenue adjustment with SB 116 (\$5 fee for in-person vehicle renewals; 8 year license validity period)
  - Accelerated revenue collections; without SB 116, DMV would face a **\$26 million deficit** today
  - Gave time to address costs and promote efficiencies

# Recent Actions

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- Leveraged technology for efficiencies
  - Email notices for decal renewals
  - Instant issuance of PINs for online transactions
  - Online license delivery status tracking
- Installed customer-facing debit/credit card machines and new printers

# Recent Actions

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- Eliminated 16 toll-free telephone lines
- Saved paper and printing expenses
- Automated hauling permit routing
- Launched EZ Fleet self-titling and registration for business fleets

# Looking Ahead

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- More cuts and/or increased revenue to correct projected shortfalls
- Legislative solutions
  - S.B. 1003
    - Email renewal notices for driver's licenses
    - \$5 fee for driver's license renewals at DMV CSCs that can be done by web, phone, mail
    - \$10 minimum fee for license plate exchange

# Looking Ahead

- S.B. 1020

  - \$5 equitable reinstatement fee for second and subsequent compliance actions

- H.B. 1020

  - Same as S.B. 1003 plus \$5 fee for decal renewals at DMV Selects

# Looking Ahead

- Potential legislative challenge
  - S.B. 776, S.B. 1225 and S.B. 1226
    - Potential increase of DMV Selects by 224 new locations at a cost of \$10 million
    - Senate Transportation considering alternative that would cap the number of DMV Selects and allow outlets to charge service fees

# Long Term Opportunities

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- Migrate more customers to lower-cost Internet services
- Realize efficiencies and reduce IT costs with systems redesign project
  - Replace mainframe with server-based system
  - Streamline and automate current processes
- Explore other surcharges for manual transactions and late fees to recover costs of doing business



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