



Cost of Services Study

Oregon Department of Transportation



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Beginning with Oregon's first vehicle registration in 1905, DMV operations have evolved to fulfill many roles.

The Many Faces of Motor Vehicle Operations

“Department of Identity Management” – Motor Vehicle agencies are the de facto standard for identity management. Citizens must show their Driver Licenses for identification purposes much more often than they show them for driving purposes.

“Department of Driver Education and Teen Drivers” – The attention needed by new teen drivers, their parents, and the associated driving schools and public school education programs is a unique part of motor vehicle operations.

“Department of Business Licensing & Management” – Car dealerships and other businesses are only one aspect of commercial operations needing to deal with the DMV.

“Department of Vehicle Property” – Vehicles, Titles, Liens, Leasing Companies, Lien holders, Registrations, and Plates are a unique part of the operations that requires everything from exchange of data with banks, to verifications of document authenticity, to management of controlled stock. Customers range from individuals, to car dealerships, to businesses with fleets of vehicles. Some states also track boats, trailers, and smaller personal vehicles.

“Department of Driver Behavior Management” – Violations, Points, Complicated Driving Histories and Restoration rules, Appeals and Education are all standard for every state operation.”

“Department of Revenue Generation” – Many states collect over \$1B in revenue and are typically considered a major source of revenue for their State. Motor Vehicle operations rarely have the financial tools to properly manage such a large and complicated cash flow, and rarely get to keep enough of the funds generated to upgrade their administrative operations.”

“Department of Enforcing other Department's Rules” – Motor Vehicle operations are often used as the “enforcer” of policy that belongs to other departments. While the reasoning is worthy it does complicate the number of departments and systems that motor vehicle operations must deal with.

“Department of Information Brokers” – Everyone wants to know information that motor vehicles has in its database. Driver License Status and Driving Histories, Vehicle information, and much more are a part of a significant information business.

Figure 1: The Many Faces of Motor Vehicle Operations (Used with permissions from: Mathtech Inc. – 2465 Kuser Road, Suite 200, Hamilton, NJ 08690)

ACKNOWLEDGEMENTS

Sincere appreciation is given to the individuals who served on the DMV Cost of Services Study Advisory Committee. These committee members provided valuable insights by reviewing documents, offering professional advice based on their extensive expertise and experience, and supporting the research and analysis that led to the development of this report.

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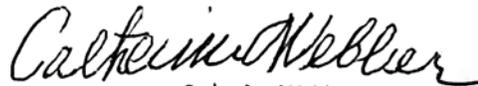
DMV Cost Study Advisory Committee: DMV Administrator Tom McClellan asked 10 internal and external stakeholders to serve as members of an advisory committee for the DMV Cost Study Project. Our role was to provide professional review and feedback on the work from both technical and public policy perspectives. We were asked to affirm that the study methodology provided a persuasive and understandable case for adjusting the DMV fee structure for the purposes of full cost recovery, to fund process improvements, and to provide sustainable funding for the Highway Trust Fund.

Based on the review, our committee concludes that DMV has developed a sound and reasonable methodology that supports a significant change in its approach for cost recovery. The methodology and related analyses clearly demonstrate DMV's need to modernize business practices in order to fully recover the cost of services while also providing revenue in support of the Oregon Highway Trust Fund. Taking immediate steps towards these improvements is crucial not only the state transportation system, but also for the local city and county systems that rely on this revenue.

We, the undersigned, affirm our collective support of information contained within this document and DMV's efforts to move the recommendations forward to state policy leaders.



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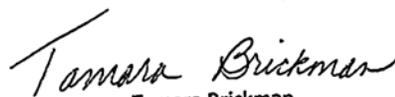
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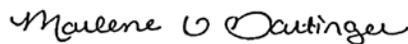
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1 EXECUTIVE SUMMARY

Changes to business processes at ODOT and across state government have altered the costs associated with providing DMV services. The purposes of this study are to fully account for direct and administrative costs, formulate recommendations to align the DMV fee structure with product costs, and to develop options to increase revenue to meet a multitude of Oregon transportation system needs. DMV revenue generally dedicated to transportation funding under Article IX Section 3a of the Oregon Constitution. The scope includes evaluating funding strategies to provide revenue needed to improve the efficiency and effectiveness of DMV service delivery. The last study of DMV fees and operating costs was completed in the 1999/2001 biennium.

The project team developed a *prospective* model using forecasted 2013/15 expenditures and transaction volumes. The team gathered data on the history of DMV's fee structure, focusing particularly on the period from 1991 to 2011. The results of the 2013/15 *prospective* cost allocation model, in conjunction with historical context and the study objectives were the basis for recommended changes to DMV fees. A DMV Cost of Services Study Advisory Committee also provided counsel on the cost study methodology, reviewed project materials, and provided input on the resulting policy proposals and recommendations.

The cost study revealed several key findings:

- DMV's current driver program fees do not cover costs:
 - Fees collected average about 40 percent of actual product costs
 - License testing fees were recently earmarked for transportation projects and not cost-recovery at DMV
- Current vehicle registration fees subsidize the cost of driver programs such as driver license issuance and driving privilege management.
- Registering a vehicle at a field office costs DMV more than the same transaction processed online or by mail.
- DMV revenues, excluding Oregon Transportation Investment Act (OTIA) and Jobs & Transportation Act (JTA) earmarks, no longer contribute significantly to the State Highway Fund.

The study recommendations include five opportunities to reform the DMV fee structure:

1. **Set DMV fees to at least recover costs at a product level.** This could add \$84 million per biennium to DMV revenue. Several product fees should remain below the level of minimum cost recovery, but these should be specific exceptions: Disabled Person Parking Permits, Driver License skills tests, and Limited Term Licenses.

2. **Adjust driver test fees to recover costs, but include a “market comparison” adjustment.** This would create an incentive for customers to better prepare before taking knowledge tests, while keeping driving skills test fees in parity with comparator states. In order to help recover costs for more expensive behind-the-wheel skill tests, DMV should charge a \$15 fee for knowledge tests. That fee is less than several neighboring states and more than others, so it is within the “market” for that product.
3. **Shift Oregon Transportation Investment Act III (OTIA) earmarks from specific driver-related fees to vehicle registration fees.** This would allow driver fees to achieve cost recovery. This is not a proposed increase to vehicle registration fees – it merely realigns which fee types are pledged to OTIA III bond funding.
4. **Provide an incentive to customers to renew vehicle registration online.** This could be implemented by charging a \$6 surcharge for customers who continue to visit a field office for vehicle registration renewals. Field office registration renewals cost DMV \$6 more than renewals through online services, regular mail, or through DEQ emissions testing stations. A surcharge is allowable within current state laws. This could yield approximately \$5.5 million per year in additional revenue using estimated 2013/15 transaction volumes if customer behavior does not change. It also promotes greater use of less expensive alternatives such as online renewals or renewal by mail, and could also result in reduced in-person wait times with fewer customers going in person to DMV offices. Besides a surcharge on field office registration renewals, other options are available to ensure transactions recover the full costs associated with the specific service delivery channel.
5. **Establish a technology fee or surcharge.** This would generate a dedicated revenue source for the DMV system modernization effort. The proposed \$3 fee on most driver license, vehicle title, and registration transactions is estimated to raise about \$100 million over a ten-year period to be deposited in a fund designated for DMV systems modernization. The proposed technology fee could “sunset” after 10 years or an alternate strategy could be developed to sustain innovation by having an ongoing revenue source to allow investment in future technological advancements.

This report details the approach, methodologies and results of the cost study. The Appendix also includes additional information about the history of DMV fees, transportation revenue needs, and surveys provided as background information.

A table of current DMV **product costs and fees** and **proposed fees** begins on page 4-38.

2 BACKGROUND AND PHILOSOPHY

Driver and vehicle fees collected by the Oregon Department of Transportation (ODOT), Driver & Motor Vehicle Services Division (DMV) are relied upon to achieve four core purposes as defined in Oregon Revised Statutes (ORS):

- Generate revenue for the state highway fund
- Collect revenue for city and county road transportation purposes
- Provide funding for transportation infrastructure debt service
- Cover the direct and administrative costs of providing DMV services

Article IX Section 3a of the Oregon Constitution designates “any tax or excise levied on the ownership, operation or use of motor vehicles” to be used exclusively “for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas in this state” and allows for exceptions for administrative costs and retirement of bonds. Chapter 366 of the ORS outlines specific revenue apportionments to Oregon Local Governments. There is a long history of motor vehicle fees generating revenue for the transportation system. In 1905, Oregon began requiring vehicle registration to raise money to fund the transportation system.

A budget note in DMV’s 1971/73 legislatively-adopted budget required DMV to maintain a formal cost allocation process to determine the actual cost of each product and service. The cost analysis was to be used each time DMV presented a request to the Legislature for a fee change. Since that time, DMV has requested minimal adjustments to its fees. The last broad-based cost study was completed in the 1999/01 biennium.

During the last several years, changes to DMV business processes in response to federal rules, new state laws, fraud prevention initiatives, and implementation of operational efficiencies have altered the costs associated with providing services, both in terms of overall costs and in the comparative costs of individual types of DMV transactions.

Beginning in 2001, the Oregon Legislature increased a number of DMV fees by substantial amounts to support economic development, increase employment levels, and provide funding to improve Oregon’s transportation system, particularly its aging infrastructure. These initiatives, collectively known as the *Oregon Transportation Investment Act (OTIA)* and the *Jobs and Transportation Act (JTA)*, increased DMV fees relating to driver licensing and ownership and registration of vehicles.

2.1 Objectives

In October 2012, the DMV Administrator established a Cost of Services Study Team (project team) comprised of DMV employees for the purpose of reviewing and determining DMV product and service costs. The Administrator provided the following objectives and guidelines:

- Determine the full cost (including all direct and administrative costs) to provide each DMV product, service, or set of products and services.
- Recognize the distinction between fees intended solely for the purpose of DMV cost recovery and fees established to provide revenue for other purposes (i.e., designated as “taxes” requiring a three-fifths majority vote from the legislature).
- Identify fee categories where revenue collection fails to adequately recover DMV costs or where revenue collection for dedicated purposes falls short of forecasted revenue needs. In some cases, recommendations may be offered by the project team to subsidize one work type with fees from another work type.
- Develop a flexible, sustainable, activity-based cost allocation model that can be utilized by current or future DMV employees to evaluate changes to transaction volumes, expenditures, organizational structure and expected revenue needs for the coming years. Such a model would allow DMV to forecast the impact of policy changes and adjustments to work processes from efficiencies gained through future system modernization efforts.
- Develop a recommended fee structure that allows DMV to improve recovery of administrative costs.
- Simplify the fee structure to improve ease of administration, particularly cash management processes (e.g. set fees at whole dollar amounts; set common fees for products that have similar costs).
- Determine alternatives to generate revenue above DMV’s costs for the multitude of needs identified to support Oregon’s Transportation System, while meeting requirements of special legislative initiatives.
- Evaluate and consider behavioral incentives, such as giving customers choices and aligning prices to attract customers to cheaper service delivery options.
- Develop recommendations on possible strategies for setting fees that provide funding for DMV modernization, including new computer systems.
- Develop recommendations on possible strategies to recover the implementation and ongoing costs of accepting credit and debit cards or possibly other non-cash payment solutions.

2.2 Utilization of an Advisory Committee

The DMV Administrator formed a Cost of Services Study Advisory Committee to provide counsel on the study methodology and resulting proposals. The 10 person committee comprised of both internal and external stakeholders provided expertise in the fields of financial analysis and policy development. The committee charter is included in the appendix of this report.

Three committee meetings were held: an initial meeting focused on review of the cost study methodology; a second meeting provided a forum for discussion of the history of

DMV fees and initial cost study findings; and a final meeting focused on a review of proposed recommendations and provided strategy development.

2.3 Willamette University's Institute of Modern Government

DMV partnered with the Willamette University-Atkinson School of Management's Institute of Modern Government to conduct two research projects to supplement the project team's efforts. DMV accepts credit/debit cards for online vehicle registration renewal but currently can only accept payment by cash or checks/money for services provided in DMV field offices or through the mail.

One student project examined the use of non-cash payment solutions, with a focus on possible credit and/or debit card acceptance in DMV offices. A second project examined the possibility of providing additional online services through DMV's internet portal. Each student team looked at costs and benefits to DMV operations and the benefits to customers. Results from these student projects provided support for the recommendations in this report and will be reviewed in conjunction with DMV system modernization planning. A summary of the project findings is included in an appendix of this report.

2.4 History of DMV Fees

DMV is legislatively mandated to collect revenue for the dual purposes of administrative cost recovery for DMV programs and to obtain funding to pay for the expansion and ongoing maintenance and preservation of Oregon's transportation infrastructure. Additionally, specific legislation also designated other entities to receive revenues collected by DMV through revenue transfers. An appendix to this report includes information about DMV revenue that is collected and then transferred to other recipients.

Since the establishment of a \$3 vehicle registration fee in 1905, and a 25-cent "lifetime" driver license fee in 1920, the Oregon legislature has adjusted the DMV fee structure many times in order to meet contemporary needs. The most recent adjustments occurred in 2009 as part of the *Jobs and Transportation Act (JTA)*.

Examples of how driver and vehicle fees are now used include funding or revenue transfers for the following purposes:

- Support higher education, non-profit groups, military service organizations and others through the sale of specialty license plates.
- Management and maintenance of highway rest areas through the sale of driver records.
- Fund driver education at local schools through dedicated fees and to provide support for Senior and Disabled transit through the Identification Card program.
- Support of Oregon's state park system through fees collected through the titling of recreational vehicles.
- DMV programs designed to curb identity fraud and ensure the security of DMV driver license and identification cards as reliable identification credentials.

- Cost recovery for DMV programs designed to enable reporting and re-testing of individuals who may have medical conditions that affect their ability to safely operate a motor vehicle.

Legislative initiatives enacted in the last decade resulted in large increases to DMV fees to fund overdue repairs and replacements of bridges or other components of the state's transportation system. Oregon's transportation system includes 6,800 bridges with about 40% owned and maintained by ODOT and 60% owned and maintained by local jurisdictions. The majority of these bridges were built prior to 1970 and approximately 1,500 will reach the end of their service life by the year 2020.

The age of many roadway features, increasing populations and associated traffic volumes, and higher gross weight vehicles and trucks contributes to faster deterioration of Oregon's bridges and highways.

Due to these growing needs, Oregon's Legislative Assembly enacted the *Oregon Transportation Investment Act (OTIA)*, which authorized increases to DMV vehicle and driver fees in 2001 and 2003. In 2009, the legislature also approved the *Jobs and Transportation Act (JTA)*, with further increases to DMV vehicle fees. In total, this legislation was targeted to increase DMV revenue by approximately \$440 million per biennium. This new revenue stream was designated to repay bonds issued to finance bridge repair and other critical state and local highway projects.

The 2003 Legislature also approved an increase of nearly ten-percent in the weight-mile tax for commercial vehicles over 26,000 pounds gross vehicle weight. A portion of the revenue was earmarked for maintenance and preservation of county roads and city streets. A narrative and tables illustrating the history of DMV's fees are included in the appendix.

2.5 Cost Accounting History & Requirements

The last broad-based review of DMV administrative costs was completed by the ODOT Financial Services Branch in 1999/00. The project team reviewed this work, as well as information from other much older DMV cost studies. The methodologies utilized for these studies provided some insights, but they also illustrated problems. Previous cost studies attempted to detail costs to an "unsustainable" degree, examining the costs of specific employees and calculating costs based on position classifications. While on the surface this approach may appear to provide additional accuracy, in reality it is no more accurate than taking a broader macro approach. As soon as seasoned employees retire and are replaced with lower paid employees, the costs associated with specific products and services are changed. In addition, DMV routinely shifts employees between job assignments and work units for purposes of cross-training and backfilling vacancies. This further minimizes the benefit of a cost analysis at the employee or position level, while the effort or cost to gather the data and replicate it in the future is much higher.

As a result, the project team elected to review costs at an aggregate level, using unit/section level costs as the basis for calculating product costs. Based on feedback from the Cost of Services Study Advisory Committee, the chosen methodology strikes a balance between accountability and simplicity. The methodology also mitigates the risks of over-reliance on specific employee costs that may change due to shifting employees between work assignments or by retirements of veteran employees, and greatly reduces the amount of effort required to calculate the costs.

In 1999, the Oregon Legislature adopted a cost-accounting requirement (Senate Bill 614) directing ODOT to fully account for costs.

ORS 184.651 reads:

184.651 Cost accounting system; requirements. *The Department of Transportation shall develop, operate and maintain a full cost accounting system that accurately and separately accounts for all direct, indirect and administrative costs incurred by each of the following units of the department:*

- (1) Central services.*
- (2) Driver and motor vehicle services.*
- (3) Highways.*
- (4) Motor carriers.*
- (5) Rail.*
- (6) Transit.*
- (7) Transportation development.*
- (8) Transportation safety. [1999 c.936 §2; 1999 c.936 §5; 2005 c.612 §2; 2007 c.768 §65]*

Figure 2: DMV Cost and Gross Revenue

Beginning in January 2000, ODOT shifted its financial management oversight to a cost accounting system. The appendix includes a copy of a 1999/00 ODOT Financial Services Branch study.

The purpose of the study was to determine if DMV met the criteria of the Governmental Accounting Standards Board (GASB), but it also addressed the question of whether DMV fees must be based on actual costs. That study revealed that the statutory definition of a fee (ORS 291.050(1)) does not specifically answer that question. However, it references a 1971/73 Joint Ways and Means Committee budget note that required DMV to maintain a formal cost allocation process to determine the actual cost of each product and service. The analysis was to be used each time DMV presented a request to the Legislature for a fee change. Staff involved at the time of this work all believed that the legislative intent was to insure that DMV fees not otherwise intended to generate revenue for state/local transportation funding do not exceed the actual cost of providing services.

2.6 The Market

The American Association of Motor Vehicle Administrators (AAMVA) conducted a survey of state motor vehicle agencies to collect voluntary information about their driver and vehicle fee structures. This survey was subsequently updated in 2010, 2012, and 2013 with information from participating states.

Highlights of the survey findings:

- Jurisdictions utilized a variety of methods to cover administrative costs, such as requiring a \$1 transaction fee for each service provided, additional fees for test failure, and no show fees for anyone who scheduled a CDL skills test but did not appear and take the test.
- One state establishes driving records fees on a sliding scale based on the staff time required for search of records.
- Some states provide online driver records at no cost; one state charged a higher fee for the convenience of obtaining records online.
- Some states charge additional fees for expedited processing.
- The validity period of most states driver licenses is four to five years, so while some states appear to have a lower licensing fee than Oregon, on an annualized basis Oregon's eight-year fees are generally on par.

The project team considered these options when developing fee structure proposals.

A summary of the results comparing 11 categories of fees to Oregon DMV's current fee structure from the AAMVA survey data:

Product Type	Comparison to Oregon Fees (annualized)
Driver License Validity Periods	Most from 4 to 8 years; some states set expiration based on driver's age
Vehicle Titles	States charging higher fees: 3
Salvage Title Certificates	States charging higher fees: 9
Driver Record Fees	States charging higher fees: 40
Certified Driver Records	States charging higher fees: 47
Vehicle Record Fees	States charging higher fees: 36
Certified Vehicle Record Fees	States charging higher fees: 41
Commercial Driver License (CDL):	States charging higher fees: 27
Non-CDL Driver License Fees	States charging higher fees: 6
Written Test Fee CDL & non-CDL:	States charging higher fees: 8
Skill Test Fee CDL & non CDL:	States charging higher fees: 33

Table 1: Summary Fee Comparison with Other States

3 COST ALLOCATION PROCESS

3.1 Selecting an Allocation Methodology

The project team evaluated two possible cost allocation methodologies for assigning costs to products: *traditional costing* and *activity-based costing*.

Traditional costing methods typically allocate costs on the basis of one factor, such as machine hours or transaction volumes. That works well in a factory environment where only a small number of product types are produced. As DMV produces dozens of different kinds of work products and has accurate work measurement timings available, the group chose to use an activity-based costing methodology. This method accounts for the differences in each kind of DMV work type and to meaningfully assign costs to each DMV product or service.

The project team developed an activity-based cost model to allocate costs for all DMV work product types, including the direct cost of employees, indirect costs related to providing products, and a proportionate share of DMV's administrative costs. The activity-based cost model was intentionally designed so that it can be maintained and improved by current or future DMV employees.

For each DMV product type, the project team calculated a specific unit cost. Initially the team developed retrospective costs using 2009/11 biennial expenditures and transaction data, since this was the most recent reporting period with complete financial and activity data. The project team then developed a *prospective* model using 2013/15 forecasted expenditures and transaction volumes so that any fee recommendations advanced to the 2014 or 2015 legislative session are based on contemporary rather than historical (i.e. outdated) information.

The project team determined that indirect costs not *easily* attributable directly to specific DMV products would be distributed based on relevant cost drivers such as FTE, transaction volume, or other valid bases. For example, the costs of the DMV Administrator and the expenses for buildings are allocated on the basis of FTE.

DMV has activities that are either ancillary to products for which a fee is charged or are simply regulatory in nature. The cost of these products must be allocated to one or more products for which a fee is charged to fully recover all costs incurred by DMV. While some non-fee activities are easily associated with specific fee-based products others may be allocated based on public policy decisions. Factors impacting those policy decisions will include financial impact to specific customer groups, effects on regulatory compliance, and impacts to the costs of whichever products are chosen to subsidize those activities.

Non-fee activities performed by DMV can be assigned a cost using the same cost allocation methodology as products for which a fee is charged. Examples of non-fee

activities include processing address changes, posting traffic convictions to driving records, and issuing disabled person parking permits.

3.2 Organization Structure and Analysis Units

DMV is organized into four “Service Groups” with additional staff assigned to the Administrator’s Office. Two of these groups (Field Services and Processing Services) are more “production-oriented” while the other two (Customer Services and Program Services) primarily serve “support functions.” This structure influenced development of the cost allocation methodology.

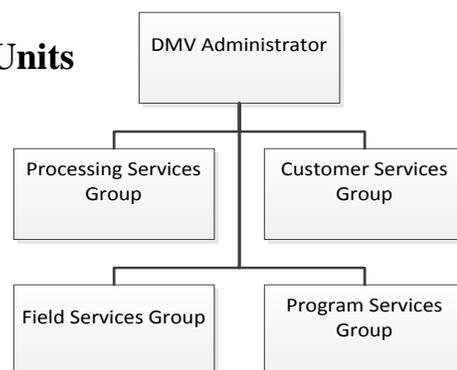


Figure 3: DMV Organization Structure

DMV units serve organizational roles and can be classified into four types of “Analysis Units” based on allocation methodology: *Administrative*, *Supervisory*, *Timed*, and *Untimed*. DMV crews with multiple roles or multiple areas of responsibility are split into multiple analysis units, and units with homogeneous responsibilities by work type are combined into one analysis unit.

- **Administrative** analysis units provide services that apply to all products, or are unable to be allocated to specific products or product groups. These unit expenditures are allocated to an administrative cost pool to be distributed across service groups by FTE.
- **Supervisory** analysis units are those within service groups whose primary purpose is to supervise or support other units within the service group. Their expenditures are distributed to the service group’s units over which they are responsible.
- **Timed** analysis units have significant hours of associated activity timings. “Percentage of effort” is used to allocate timed analysis unit expenditures. Biennial hours worked by work type by unit is calculated by summing the work step time standards from the activity timings multiplied by the transaction volume for each work step. The work-step biennial hours worked are then split to timed analysis units using information in the timings document and then summed by work type. Each work type’s percentage of total unit hours worked is the “percentage of effort” for that work type. Work type percentages of effort are then used to distribute 100% of the unit expenditures to work types.
- **Untimed** analysis units provide significant work on specific products or product areas, and do not have activity timings associated with their work. Their expenditures are allocated based on the best available information on products or product areas where work was performed. For example, Driver Programs Unit cost is distributed across driver products based on program area and transaction volumes.

Summing product costs identified within each of the analysis units within each of the four service groups provides the total costs for each DMV product or service. Dividing these costs by the number of transactions provides a per transaction cost, and when compared to current fees illustrates where fees are failing to cover product costs.

3.3 Data Gathering

The cost allocation model was developed based on analysis of actual transactions and expenditures from the 2009/11 biennium. Retrospective data provided certainty while the model was being developed. Much of the early work focused on data gathering. The team obtained expenditure data, including the ODOT Central Services assessment charged to DMV, a revenue transfer that is treated as an expense for this study.

The methodology relies on work measurement timings, developed by the DMV Analysis Unit, to determine direct labor costs for most DMV product or regulatory functions. Stopwatch-based timings conducted at DMV field offices and headquarters units are used to determine the average time required to perform each of the work steps associated with each work type. The work measurement timings are maintained by DMV staff and are the result of nearly two decades of refinement and provide an accurate, detailed accounting of direct labor time on DMV products. This data is particularly valuable when analyzing potential legislation impacting DMV business processes.

The project team also gathered transaction volumes. Used together with timings, the team could determine the total time required to perform each type of work. Other data gathered included mail room statistics, capitalizable expenditures, and depreciation expenditures.

3.4 Identifying Products & Services

The project team identified a list of “products” handled by DMV, which included all significant types of transactions and services provided by DMV. In some cases, products do not generate revenue due to lack of legal authority or policy reasons – examples include processing address changes, issuing disabled parking permits, and providing no-fee replacement driver licenses.

The team also identified federal and state regulatory functions performed by DMV that result in no direct fee collection. DMV is statutorily required to receive information on vehicle crashes/accidents, post legal convictions to driving records, and suspend driver licenses. The cost to perform this work must be absorbed by revenue-generating products and services. For example, the costs of suspending a person’s driver license are included in the cost associated with processing a driver license reinstatement so that the costs can be recovered through reinstatement fees.

3.5 Assigning Costs

3.5.1 Administrative Cost Pool

In order to allocate upper-level administrative costs to products, the project team assigned the costs of the ODOT Central Services Assessment and the DMV Administrator's Office to an Administrative Cost Pool along with other DMV wide programs and expenditures. The ODOT Central Services assessment covers the ODOT Headquarters administrative functions as well as central government service charges and other charges passed through from the Department of Administrative Services. Capitalizeable costs were removed and replaced with applicable depreciation expenditures. Examples include building projects, vehicle purchases and information technology (computer system) project work.

The administrative cost pool was allocated to the four DMV service groups based on the budgeted number of FTE in each group and then allocated to products or services along with other service-group-wide expenditures. The methods used to assign costs differed based on the role of each service group.

3.5.2 Field Services Group (FSG)

This service group includes employees and the related expenditures required to provide DMV services and products at the 60 field offices located throughout the state. The majority of work performed by this group can be measured through direct activity timings. The work processes, staff classifications/pay scales and product offerings are similar across all field offices. Among the products and services customers can obtain by visiting field office are driver licenses, vehicle titles, vehicle registration and driver and vehicle records, as well as forms, manuals and general information.

Allocating costs separately for each individual field office does not improve the accuracy of overall product costs and greatly complicates cost modeling. For purposes of this study, no distinction is made between individual field offices – they are treated as one analysis unit.

Using activity timings, the project team allocated 100% of FSG expenditures and a share of the administrative cost pool directly to products and services as a Timings analysis unit based on percentage of effort.

3.5.3 Processing Services Group (PSG)

This service group ranks second in the number of employees/FTE and is the most production-oriented group in DMV. Located at DMV headquarters, the group provides back office processing of transactions received from field offices as well as processing mail-in and online transactions. The group is comprised of four sections with several work units in each section:

- Driver Transaction
 - Accident Reports/Insurance Verification
 - Driver Issuance
 - Driver Suspensions
 - Driver Records
 - Driver Safety
- Vehicle Transaction
 - Vehicle Processing (Units: 1, 2, & 3)
 - Document Preparation
- Mail Transaction
 - Vehicle Mail Units: 1 & 2
 - Vehicle Processing Unit: 4
 - Customer Database
- Processing Support

Administrative costs for Processing Services were allocated to the various work crews (e.g. Driver Safety, Driver Issuance, Vehicle Mail, etc.) based on FTE. The expenditures of each work crew were then allocated to products and services based on activity timings with similar units combined into convenient analysis units.

3.5.4 Customer Services Group (CSG)

This service group is located within DMV headquarters, supported by satellite call centers at two correctional institutions: Coffee Creek Correctional Facility and Oregon State Correctional Institution. Per legislative mandates, inmate phone agents provide telephone support for basic customer questions and do not have access to customers' personal identification information.

The group includes four sections as follows:

- Customer Services Support
 - Support Section
 - Training and Development
- Customer Assistance
 - Headquarters Customer Assistance Units
 - Coffee Creek and OSCI Call Centers
- Records Section
 - Hearings Case Management
 - Records Policy
 - Microfilm Services
 - Records Services
- Mail & Facilities Services

A small portion of Customer Assistance Section expenditures were allocated directly to specific products based on activity timings, while the remainder was allocated to all products based on transaction volumes. Customer Assistance Section provides first line contact with customers.

Expenditures of the Mail & Facilities Services section were allocated across DMV based on mail transaction volumes and FTE respectively. Records Policy Unit expenditures are split with a portion assigned directly to specific products they process, and the remainder allocated as part of the administrative cost pool. Record Services and Microfilm Unit costs are allocated based on activity timings.

Hearings Case Management Unit expenditures are allocated by program-area based on caseload statistical information. Customer Services Support is allocated across all CSG units based on FTE.

3.5.5 Program Services Group (PGSG)

This service group is located at DMV headquarters. It is responsible for policy and operational support as well as licensing and regulating vehicle dealers. The group is organized into five sections as follows:

- Vehicle Programs
 - Vehicle/Driver Analysis
 - Vehicle Policy
- Driver Programs
 - Driver Policy
 - CDL Policy
 - Driver Control
- Fraud Prevention
- Business Regulation
 - Business Licensing
 - Investigations
- Systems & Planning
 - Business Systems Support
 - Project Management Office
 - Web Services Center

Driver Programs and Vehicle Programs expenditures were allocated to products based on transaction volumes. Business Regulation costs are allocated 100% to business regulation product types based on activity timings.

Fraud Prevention contains a small volume of timed activities directly attributable to products, so these portions of costs are allocated directly to products. The remainder of these costs is allocated across DMV based on FTE.

Expenditures of Systems & Planning, a section responsible for Information Technology project planning and maintenance, were allocated to DMV products based on how employee time is charged to projects and on the types of systems staff members maintain.

- Staff expenses related to maintenance and project work on vehicles programming was allocated to the cost of providing vehicle titles and registration and any other products that utilize those systems by volume.
- Web Service Staff were allocated across all DMV products.
- Project Management Office was allocated to products based on the nature of the projects.

The Support Services expenditure account includes DMV’s expenditures for license plates, forms, publications, and other inventory items. These costs are allocated directly to products. The unit also includes risk management charges (State Insurance Fund), which are distributed based on FTE (included in the DMV Administrator’s Office costs).

3.6 Overview of the Cost Allocation Methodology

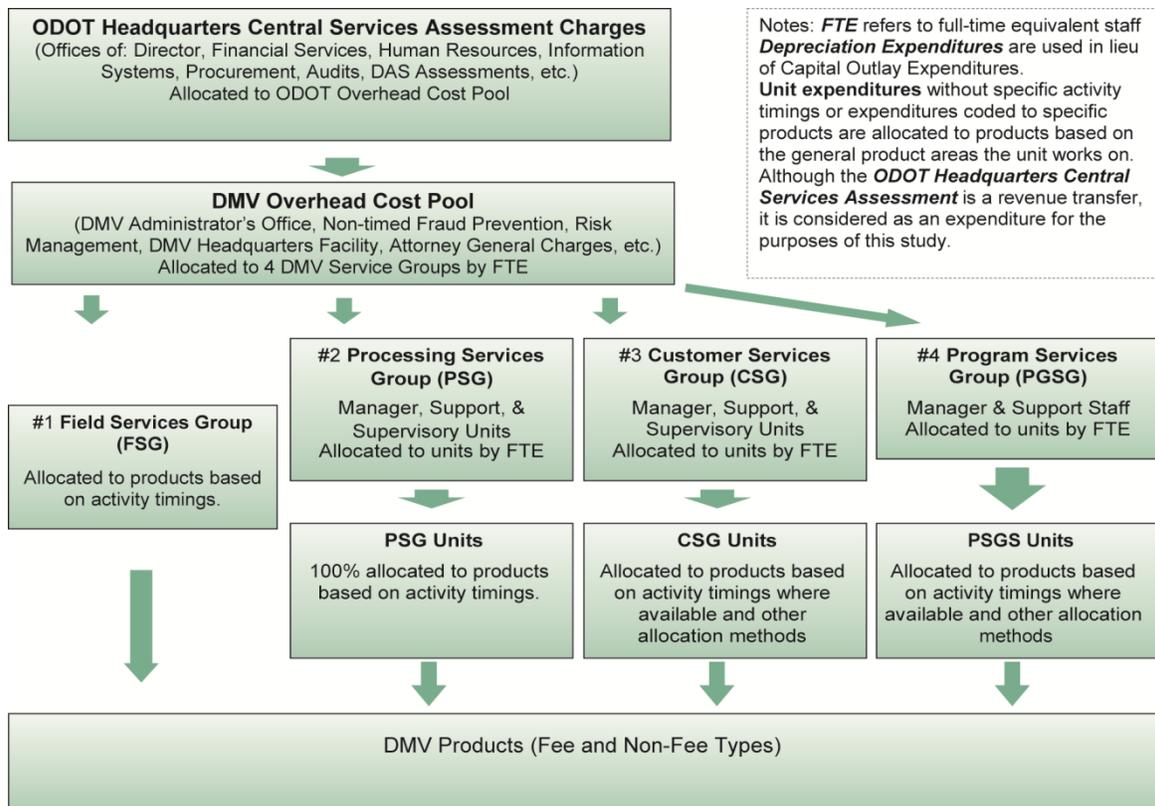


Figure 4: Overview of the Cost Allocation Methodology

4 FINDINGS AND RECOMMENDATIONS

4.1 Cost Model Findings

4.1.1 DMV nets about \$452M per biennium for Oregon's transportation system

DMV fees generated \$689M in gross revenue in the 2011/13 biennium. With costs of collection and DMV program costs (about \$213M) and revenue distributions to other entities (\$24M), DMV nets about \$452M for Oregon's transportation system each biennium.

Note: *Revenue for the last six months of FY 2013 and 13/15 is based on forecasted amounts.

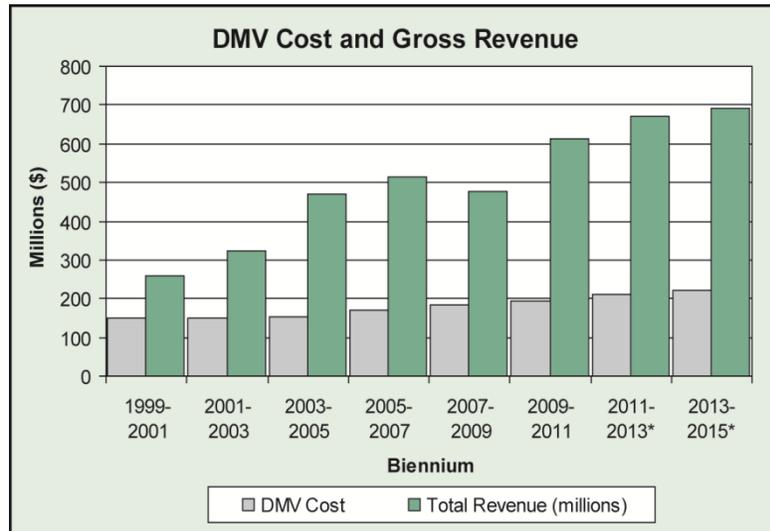


Figure 5: DMV Cost and Gross Revenue

Since 2001, three rounds of DMV fee increases have occurred with each round intending to raise significant new revenue for the transportation system.

4.1.2 Driver fees do not cover 100% of the cost of driver privilege management

56% of all DMV collection and program costs are due to Driver related transactions such as Driver Licenses and Permits. However, these same transactions are responsible for raising only 9.2% of gross revenue. Looking at each product type individually, Driver fees set at current levels allow DMV to collect an average of about 40% of actual cost.

The table below indicates the top twenty products that collect the lowest percentage of costs. No fee is currently collected for the CDL Combination Test and Motorcycle Skill and Knowledge tests. Other DMV tests also have a low fee relative to the cost of administering the tests.

DMV Driver Products with Lowest Fee to Cost Ratio

CDL Combination Test	0%
Motorcycle Skills Test	0%
Motorcycle Knowledge Test	0%
Class C Skills (Driving) Test	9.12%
CDL Airbrake Restriction Removal Test	18.96%
CDL Skills (Driving) Test	23.70%
CDL Instructional Permit	30.43%
Class C Instructional Permit	35.34%
Hardship/Probationary Permit	36.62%
Motorcycle Instructional Permit	36.96%
Suspension Reinstatement Fee	43.69%
Class C Driver License Renewal	61.03%
Motorcycle Endorsement	70.30%
SB 833 Class C Driver Card Renewal	78.98%
Class C Driver License Original	80.04%
CDL Renewal	81.55%
Farm Endorsement	85.33%
Replacement Driver License/Permit or ID Card	86.97%
CDL Original	93.19%
SB 833 Class C Driver Card Original	94.86%

Note: This list excludes Limited Term products

Table 2: DMV Driver Products with Lowest Fee to Cost Ratio

Historically, the driver license fee structure was intended to collect fees solely for administrative cost recovery, while vehicle registration fees were established to provide revenue above cost to fund the maintenance of the transportation system. Assuming the historical assumptions hold true, increasing costs of DMV driver licensing services due to expanded responsibilities and inflation means that a portion of monies that otherwise should be available for state and local transportation funding are instead paying for DMV's costs to issue and manage driving privileges.

The combination of additional driver licensing responsibilities and economic inflation over the last twenty years has yielded a situation where driver revenues are no longer self-supporting.

The costs of processing an application, taking a photo, and printing a license card or permit are not the only costs that are borne by DMV driver products. Variations in requirements for each type of issuance (e.g. vision or medical requirements and entry of testing scores) produce the difference in cost between product types. DMV driver privilege management programs, such as entering court convictions on driving records, ensuring unsafe drivers are removed from the road, tracking and managing drivers who are frequently involved in accidents, and collecting, compiling, and processing accident

reports submitted by law enforcement and citizens are not supported by direct fees. The costs of these activities are most logically attributed to driver products.

In order to allocate the cost of these programs to driving privileges all driver credentials that could have a conviction posted against them receive \$6.37 (9% of Class C issuance costs) to cover the cost of entering convictions. Similarly, the SR22/SR26 special insurance filings program adds \$4.04 (6% of Class C issuance costs) to the cost of each driving privilege.

Each driving privilege also receives a portion of the costs of collecting and compiling accident reports which contributes \$3.97 (6% of Class C issuance costs) to the product cost. All driver privileges and identification cards also bear a portion of the cost of the Disabled Placard issuance program which adds \$3.75 (6% of Class C issuance costs) to the product cost. An additional \$1.77 per driving privilege covers the cost of administrative cancellations (rescind) of sanctions, and \$1.67 per driving privilege covers the costs of the insurance verification program. \$2.68 (6% of Class C programs including the At-Risk Driver and Driver Improvement programs. Centralized manufacturing of all licenses and cards costs \$2.76 per license or card.

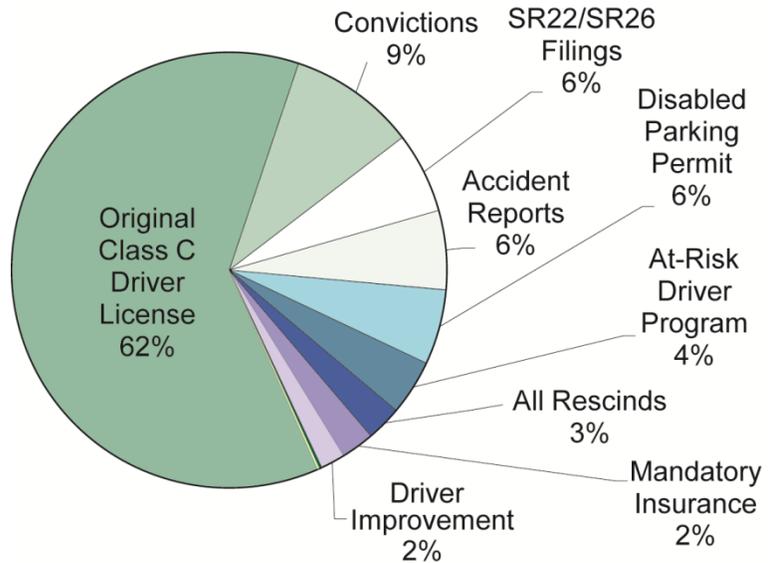


Figure 6: Original Class C License Costs by Work Type

Suspension Reinstatements are the only driver privilege management product for which a fee is directly charged. Reinstatements are processed after all requirements, including any mandated suspension duration, have been met.

The cost to directly reinstate a driving privilege (including other directly applicable work types) costs \$39.59, but the cost of the suspensions program also includes the cost of initially entering the sanctions and related work steps, which adds \$132.09 to the full cost of the suspension reinstatement. The largest cost component of the suspensions program is the DMV Administrative Hearings Program which is available to most suspended drivers and contributes \$58.83 to the total cost of each suspension reinstatement. Attributing the costs of the initial suspension to suspension reinstatements aligns fees with the customers that drive the costs.

One factor leading to higher costs for driver products are the additional requirements and processing steps DMV must follow to comply with evolving state and federal laws. DMV

driver products are no longer only a license to operate a vehicle; it serves as a secure identity credential.

Legislative changes in 2005 and 2008 enhanced identity requirements to obtain a driver license or identification card. Biometric identity verification and document review has added to the cost of driver credentials and identification cards.

Some driver licensing fees are earmarked to pay for specific highway projects, even though the current fees collected are not adequate to cover the costs of administering driver transactions.

Although the current license testing fees appear to recover some cost of administering the tests, most of the testing revenue is earmarked for debt service on OTIA III bonds. Only CDL testing fees contribute toward DMV cost recovery.

4.1.3 Dedicated revenues for major transportation infrastructure projects reduce general purpose revenues

Because of gradually increasing DMV costs and stagnation of non-earmarked fees, DMV revenues, excluding *Oregon Transportation Investment Act (OTIA)* and *Jobs & Transportation Act (JTA)* earmarks, no longer contribute significantly to the State Highway Fund.

Revenue transfers for debt service, cities and counties, and the State Highway Fund are budgeted at \$452 million in 2013/15, which includes forecasted OTIA & JTA revenue from designated DMV fees at \$383 million. This illustrates that most of the DMV net revenue is due to recent earmarked fee increases, which were approved for specific construction purposes and projects.

This is not only a DMV issue. Non-earmarked Highway Fund revenue from all sources (DMV Fees, Fuels Tax, Weight /Mile Tax) have decreased from \$609M in FY 2004 to \$529M in FY 2013 despite total revenues increasing from \$676M to \$935M over the same period. Revenues have increased significantly, but funding available for general purpose highway infrastructure has declined

4.1.4 Product costs vary considerably depending on the service delivery channel used

Several delivery channels are available for most vehicle products, presenting a range of options for customers to engage DMV. Many vehicle transactions do not require a customer to be present at a DMV field office. Other options include vehicle dealerships using a regional field office dealer processing center or Electronic Vehicle Registration (EVR), regular U.S. mail, web-based online services, or over the phone.

Not all products can be obtained through each delivery channel and many products have only one delivery channel. Because transactions processed through different service

delivery channels have different work steps, costs vary widely depending on the channel used.

Vehicle Registrations are just one example of a product type with varying costs based on service delivery channel.

Field office registration is the most expensive delivery channel at \$13.22 per transaction. This is followed by mail service delivery at \$7.46, DEQ at \$6.59, and online vehicle registration at \$6.36. The weighted average cost of a registration renewal is \$8.68.

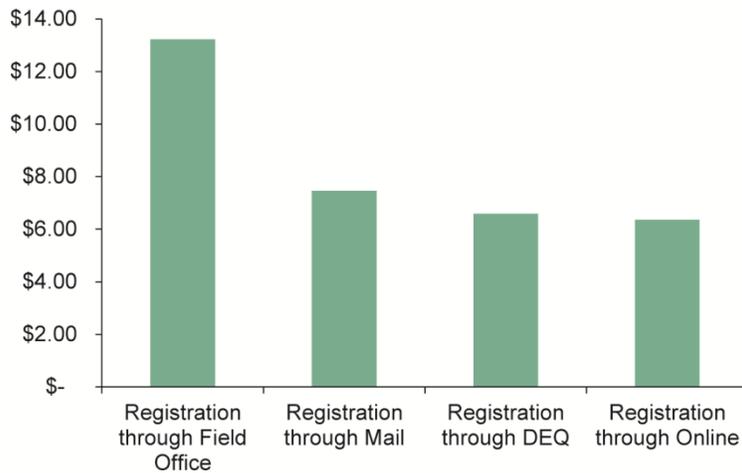


Figure 7: Attributed Registration Costs

Approximately six dollars per registration is spent on processing a registration regardless of the delivery method used. These costs include inventory management, the underlying information systems infrastructure, potential for some registration transactions to generate calls to a customer contact center or generate an address change request, and mail room expenditures. The remaining costs are dependent on the service delivery method used. For a registration renewal at a field office, over half of the cost, \$7.21, is due to the fully loaded cost of receiving the transaction in a field office.

4.1.5 Product Detail Summary

Results of the DMV cost model provided per-product costs for most DMV products. A full table of findings is contained in Section 4.3. Although DMV may have separate fees for different types of similar products, those products have been grouped together based on the underlying cost drivers. For example, there are over twenty vehicle registration types issued by DMV, but each registration type entails similar work steps resulting in the same cost to DMV per transaction. A table of components of each product type is located at the end of this section.

4.1.6 Vehicle Products

Vehicle Registrations are the highest volume transaction for DMV and can be submitted through field offices, mail, DEQ emissions testing locations, an online system, and with a vehicle title through an Oregon dealer. Registrations processed in conjunction with titles do not have a set of discrete cost drivers and are presumed to cost less than any of the registration renewal options. Vehicle registration renewals submitted through a field is the most expensive delivery channel, followed by mail-in, DEQ, and online vehicle

registration service delivery channels. The weighted average cost between the three lower-cost delivery channels was used to obtain the average product cost. The difference between the average cost and the cost of a field office registration renewal is calculated as the cost of a potential cost recovery surcharge.

Registration Renewal Delivery Channel	Cost
Registration through Field Office	\$ 13.22
Registration through Mail	\$ 7.46
Registration through DEQ	\$ 6.59
Registration through Online	\$ 6.36
Weighted Average Cost	\$ 8.98
Weighted Average Cost of Subset (Mail, DEQ, Online)	\$ 6.80
Field Office Cost	\$ 13.22
Field Office - Subset Average	\$ 6.42
Field Office Surcharge	\$ 6.00

Figure 8: Registration Renewal Delivery Channel

Due to the large difference in cost depending on the delivery option used, study team recommendations take into account the varying costs by service delivery channel.

Replacement Registration Plates and Stickers are available to customers through three delivery channels: vehicle dealers, field offices, and through the mail. The weighted average cost of all replacement registration plates and stickers accounts for the varying costs and volume of each delivery method. Major cost components include staff time in the vehicle mail and vehicle processing units, and inventory expenditures. This is a time intensive transaction and almost \$20 of the cost is from staff time spent on the transaction.

Vehicle Plate Transfers are routinely handled through three different delivery methods: field offices, mail, and vehicle dealers. The average weighted cost of a plate transfer is accounts for the varying costs and transaction volumes for each service delivery channel. Approximately \$10.00 of the cost of the transaction is from the headquarters processes for all plate transfers, with the balance due to the specific

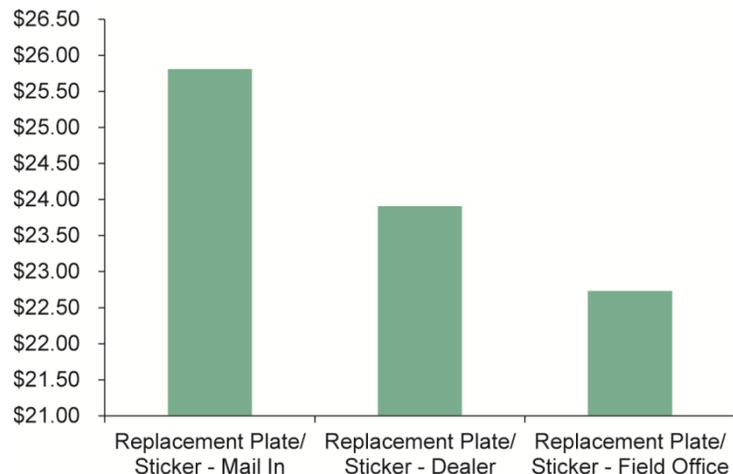


Figure 9: Attributed Plate and Sticker Replacement Costs by Delivery Channel

steps of issuance via each service delivery channel. Through the field office delivery channel, \$15.68 of the cost is attributed to direct work in the Field Services Group.

Vehicle Titles (securing ownership interest in a vehicle) can be obtained through four service delivery channels: field offices, vehicle dealers via dealer processing centers in field offices, vehicle dealers through the Electronic Vehicle Registration (EVR) system, and through the mail. The weighted average cost per title reflects the variation in cost and transaction volume between each service delivery option. Titles do not bear the cost of additional programs and the cost of a title is derived from the actual cost of issuance and a share of the costs of the Address Changes work type. Titles processed by vehicle dealers through EVR avoid several of the time intensive steps, resulting in a lower cost of issuance for DMV.

All Salvage Title issuance is conducted through DMV Mail Processing Units at DMV headquarters. Employee time recording for salvage flags, checking titles, and other tasks accounts for \$16.39 of the \$20.86 total cost of the salvage title. The remaining costs are from customer contact center calls, mailing costs, imaging and records services, and the underlying information systems required to process vehicle transactions.

Transitional Ownership Documents (TODs) are a time intensive service provided by DMV to secure ownership when the primary ownership document is currently unavailable. The costs of drafting, reviewing, processing corrections, and logging TODs contribute the entire cost of the service.

Trip Permits are issued through the field offices and are comprised of the cost associated with issuance in the field offices, and the customer contact center time spent assisting customers with trip permit related questions. Customer address changes generated with a trip permit account for one percent of the total cost of trip permit issuance. Costs associated with the Trip Permit issuance through vehicle dealers are not captured in this analysis.

Sno-Park Permits are issued through headquarters and field offices directly to customers, and are also issued by authorized agents for further distribution. Many sales consist of multiple booklets of permits for wholesale distribution, even at field offices. Because many transactions issue multiple permits, the cost per permit is lower than the per transaction cost.

A Vehicle Identification Number (VIN) Inspection consists of a field office employee recording the VIN from a visual inspection of the vehicle at a DMV field office location. Some VIN inspections are required to be performed by Oregon State Police at a much higher cost to DMV and were not included in this analysis.

4.1.6.1 Driver Products

In addition to the direct costs of performing a driver transaction, the fully allocated cost must include driver related products and services that don't have their own cost recovery

fee. For example, all driver transactions that could have a conviction posted against them bear a portion of the cost of the convictions entry program.

Similarly, each driving privilege includes the costs of recording SR22/SR26 special insurance filings, collecting accident reports, administrative cancellations (rescind) of sanctions, the Driver Control programs including the At-Risk Driver and Driver Improvement programs, and the insurance verification program. Also, the cost of the Disabled Placard program, for which no fee can be charged, is distributed among all driver privileges and identification cards. Centralized issuance (printing and mailing) of all licenses and cards currently costs \$2.76 per license or card.

The Original Class C Driver License issuance cost (\$67.47) is comparable to the costs of a Class C Driver Card and Limited Term Class C original issuance. Most of the cost is due directly to the issuance of the license, including field office staff time amounting to \$17.86 for the application process, \$7.35 for issuance, entering applicable scores and receiving fees, and \$5.25 for conducting the photo process. (See Figure 10 that follows).

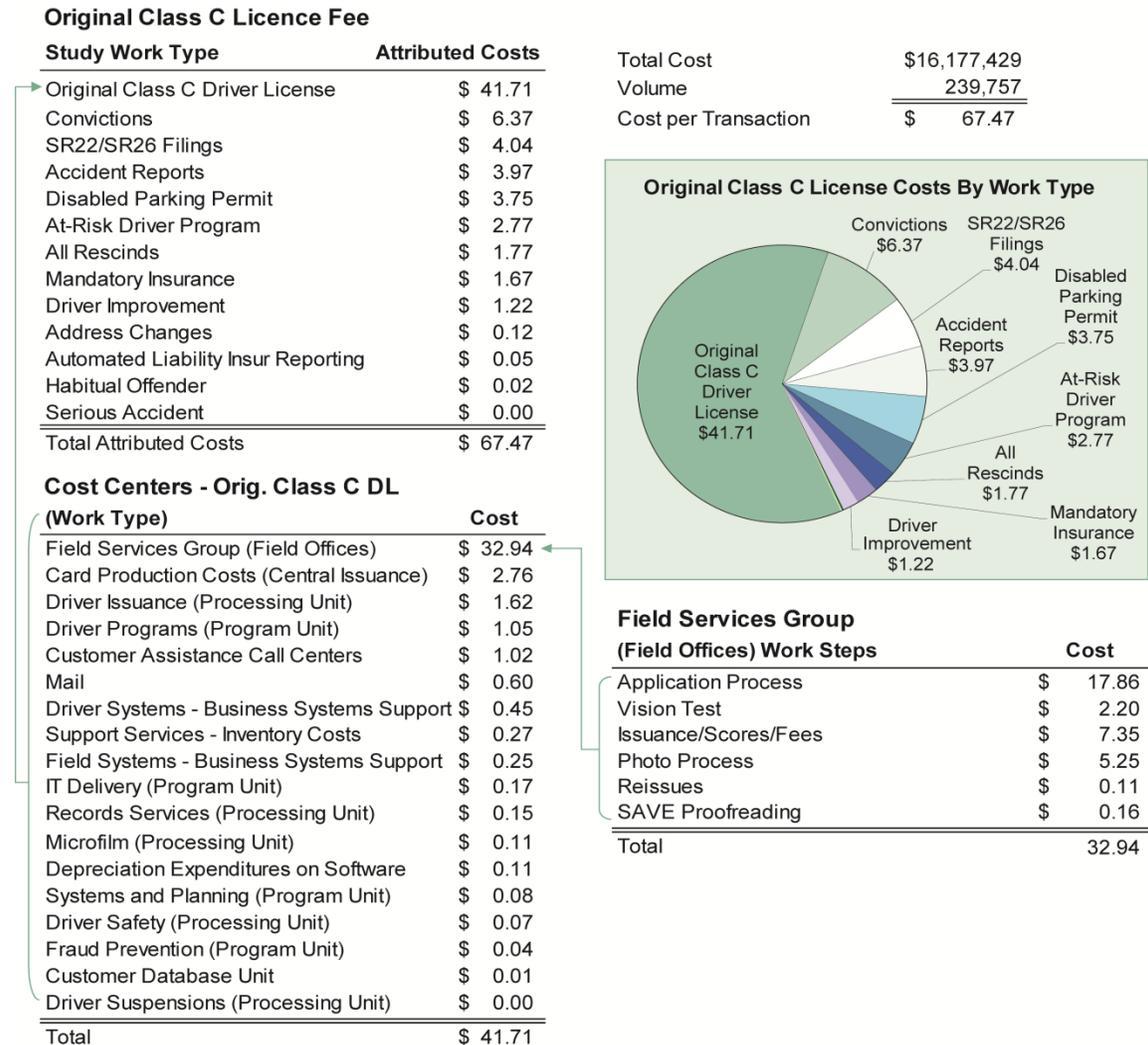


Figure 10: 2013-15 Original Class C License Fee Study Product Cost Detail

Class C Driver License Renewals cost \$55.71 to issue, including a share of the cost of driver privilege management programs. This cost is also applicable to limited term license renewals and Driver Card renewals. “Valid with Previous Photo” issuance, a rare but time-consuming process adds \$.66 to the cost of each renewal.

Class C Instruction Permit has a total cost per transaction of \$67.92, comprised of \$44.92 for the Class C instruction permit work step and the balance for other applicable driver program work types. Of the Class C Instruction Permit work type, \$33.62 is due to field office processes including \$18.21 for the application process, \$7.63 for issuance, entering applicable scores and receiving fees, and \$5.29 for conducting the photo process. \$2.11 of each transaction is due to the vision test for all new applicants.

Motorcycle Endorsement or Renewal cost of \$65.43, is comprised of \$41.60 for the basic work type, and includes a share of applicable driver programs and address changes. Field office work contributes \$33.40 to the cost of the endorsement including \$18.23 for the application process, \$7.64 for issuance, entering applicable scores and receiving fees, and \$5.29 for conducting the photo process. \$2.12 of each transaction is due to the vision test for all new applicants.

Motorcycle Instruction Permit cost drivers are very similar to the original endorsement. Field Office procedures are identical between the two transaction types. Fewer instruction permits are issued through the Valid with Previous Photo work type process and receive a smaller portion of attributed driver programs resulting in a slightly lower total cost per transaction of \$64.93

Commercial Driver License (CDL) issuance is similar to Class C issuances, with the addition of several steps to comply with state and federal law. Total cost of an Original CDL issuance costs \$81.02. Unique to the CDL, \$6.66 of the cost is due to the Positive Drug Test program, and \$0.20 for the Medical Waiver program. Possession of a Class C driving privilege is a requirement for a CDL, and these costs and fees are in addition to the costs of the Class C issuance.

CDL Renewal costs similar to those of an original CDL with a lower total cost of \$68.06. \$36.58 of this cost is attributed to the CDL renewal work type, of which \$21.39 is due to Field Office processes further comprised of \$15.38 for the renewal steps, \$5.27 for the photo process, and \$0.73 for the vision test, SAVE Proofreading, and Reissues costs.

CDL Instruction Permit is required to be held before a driver can be issued a commercial CDL, and is subject to the same programmatic costs as a CDL original or renewal issuance resulting in a total cost of \$78.86. The direct cost of issuance is \$49.00, comprised of \$33.40 in expenditures from the field offices for the application process, vision test, entering applicable scores, receiving fees, conducting the photo process, and final issuance. Another major component of the cost of a CDL Instruction Permit is \$7.06 in amortized depreciation expenditure that contributes towards the recent systems

improvements associated with implementing changes to federal CDL instruction permit regulations.

All DMV Skills Tests consist of significant one-on-one interaction between customers and DMV staff and are required for the first issuance of Motorcycle Endorsements, Class C, and CDL. The allocated staff time spent with the customer on the three tests primarily determines the cost of the test. **CDL tests**, which average one hour and 22 minutes in duration, are the most expensive at a cost of \$295.34, followed by **Class C Skills tests** averaging twenty six minutes and costing DMV \$98.71, and finally **Motorcycle Skills Tests** at fifteen minutes in length with a cost of \$53.82.

Although all **DMV Knowledge tests** can be taken through Automated Testing Device (ATD) equipment only requiring only minimal staff supervision and no manual scoring or data entry, each test can be taken using other more expensive formats depending on customer accessibility requirements. With the lowest percentage of written and oral tests given, CDL knowledge tests have the lowest average cost of \$1.44 per test. Motorcycle knowledge tests cost \$1.55 and only have a slightly larger percentage of non-ATD tests given.

Average Class C knowledge testing costs are much higher than CDL or motorcycle knowledge tests because a much larger percentage of customers take the oral version of the test which requires the most staff time to administer and score with an average cost across all Class C test administration methods of \$3.12.

Suspension Reinstatements are processed after all requirements, including any time penalty, have been met. Although the cost of directly reinstating a driving privilege including other directly applicable work types costs \$39.59, the cost of entering the sanctions and related work steps adds \$132.09 to the cost of the suspension reinstatement. Attributing suspension costs to suspension reinstatements aligns costs with the customers that drive the costs. \$58.83 of the total cost of each suspension reinstatement is attributed from the DMV Administrative Hearings Program which is available to most suspended drivers.

Hardship/ Probationary Permits are issued to suspended drivers with a court-agreed upon reason to drive. Approximately 8,000 are issued each biennium. Specific approved driving routes are recorded by DMV staff making this a time intensive transaction. The work type components of the permit costs are \$136.41 for the permit and \$0.12 for any resulting address change. The driver suspensions unit performs most of the work on these transactions. Their reviews, data entry, and other processing steps cost \$108.30 per transaction.

Identification Card issuances are similar to those of a driver transaction, but without the driving specific provisions. For example, the field office application, issuance, and fee collection steps are identical to a driver transaction, and the component costs of the card work types include central issuance, mail, customer assistance, business systems, records,

software, fraud prevention, and policy cost components. Disabled Parking Permit costs, address change, and Valid with Previous Photo issuances are the component work types for all ID card issuances.

Original Identification Card total costs includes \$31.07 for the work type, comprised primarily of the Field Office application process which costs \$18.15, issuance and fee collection process at \$7.61, and the photo process which costs \$5.27.

Identification Card Renewals have generally the same cost drivers as an original issuance, but fewer steps need to be completed by field office employees, reducing the cost of the application process work step to \$14.94. Total cost of a renewal is \$32.42 per transaction. (See Figure 11 that follows).

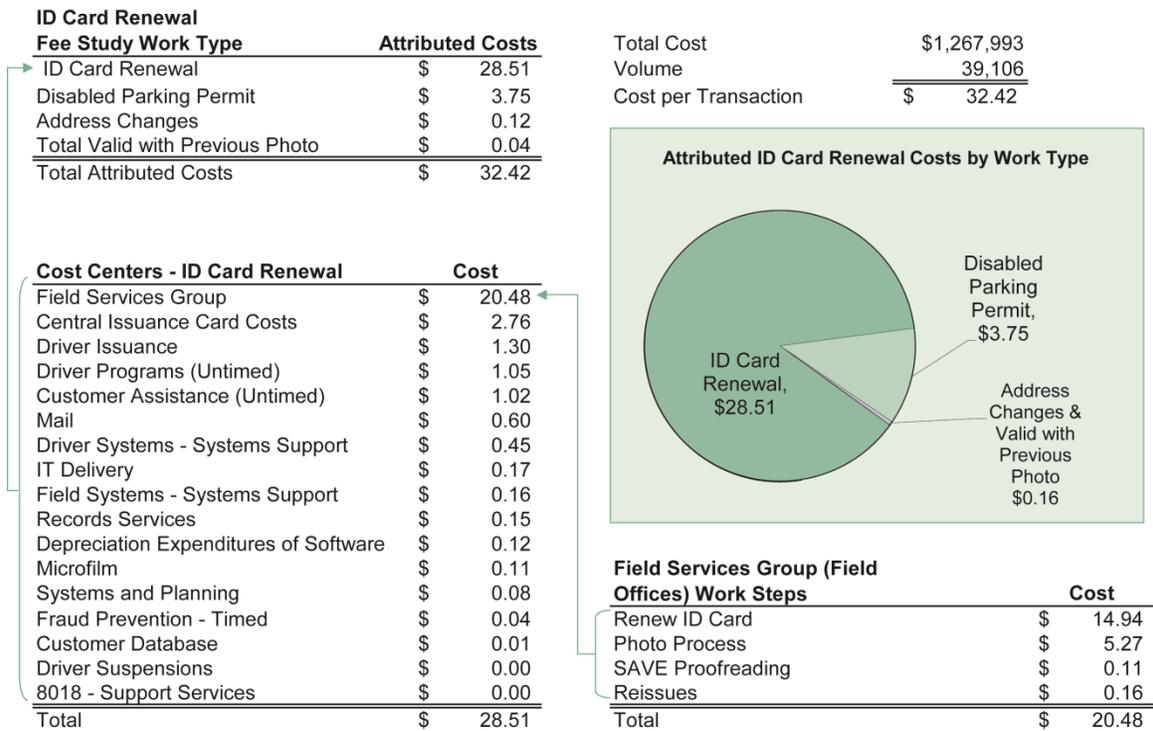


Figure 11: 2013-15 Identification Card Renewal Fee Study Product Cost Detail

All replacement licenses and cards have the same cost, regardless of credential type. Major cost drivers are similar to driver and identification card products, but these transactions do not bear the costs of driver or identification card programs so as to avoid charging customers twice for the same programmatic costs associated with their driving privilege or ID Card. Two fee study work types are attributed to this product, regular replacement costs contribute \$30.04, and \$0.43 is the share of Valid with Previous Photo costs due to Replacements. Field office work steps drive the majority of the costs of replacement issuances consisting of \$16.21 for issuance, \$5.27 for the photo process, and \$0.27 for SAVE Proofreading and Reissues.

4.1.6 DMV Services and Product Costs

A chart depicting all DMV services and product costs for 2013/15 is listed in the chart that follows.

Fee Group / Fee Name	Fee Components	Projected 13/15 Cost
<i>Class C Driver License</i> <ul style="list-style-type: none"> • Class C Driver License Original • Limited Term Original Class C • SB 833 (2013) Class C Driver Card • SB 833 (2013) Restricted Class C Driver Card 	Original Class C Driver License \$41.71; Convictions \$6.37; SR22/SR26 Filings \$4.04; Accident Reports \$3.97; Disabled Parking Permit \$3.75; At-Risk Driver Program \$2.77; All Rescinds \$1.77; Mandatory Insurance \$1.67; Driver Improvement \$1.22; Address Changes \$0.12; Automated Liability Insurance Reporting (ALIR) \$0.05; Habitual Offender \$0.02.	\$67.47
<i>Class C Renewal</i> <ul style="list-style-type: none"> • Class C Driver License Renewal • SB 833 Class C Driver Card Renewal • Limited Term Renewal Class C 	Class C Driver License Renewal \$29.29; Convictions \$6.37; SR22/SR26 Filings \$4.04; Accident Reports \$3.97; Disabled Parking Permit \$3.75; At-Risk Driver Program \$2.77; All Rescinds \$1.77; Mandatory Insurance \$1.67; Driver Improvement \$1.22; Total Valid with Previous Photo \$0.66; Address Changes \$0.12; Automated Liability Insurance Reporting (ALIR) \$0.05; Habitual Offender \$0.02.	\$55.71
Original Class C Instruction Permit	Orig. Class C Instructor Permit \$44.92; Convictions \$6.37; SR22/SR26 Filings \$4.04; Accident Reports \$3.97; Disabled Parking Permit \$3.75; All Rescinds \$1.77; Mandatory Insurance \$1.67; Driver Improvement \$1.22; Address Changes \$0.12; Automated Liability Insurance Reporting (ALIR) \$0.05; Habitual Offender \$0.02.	\$67.92
Class C Knowledge (Written/Automatic Testing Device/Oral) Test	Class C Knowledge Test	\$ 3.12
Class C Skills (Driving) Test	Original Class C Driver License Skill Test	\$98.71
Motorcycle Endorsement	Original Motorcycle Endorsement \$41.60; Convictions \$6.37; SR22/SR26 Filings \$4.04; Accident Reports \$3.97; Disabled Parking Permit \$3.75; All Rescinds \$1.77; Mandatory Insurance \$1.67; Driver Improvement \$1.22; Total Valid with Previous Photo \$0.83; Address Changes \$0.12; Automated Liability Insurance Reporting (ALIR) \$0.05	\$65.43

Table 3: DMV Services and Product Costs (part 1 of 5)

Fee Group / Fee Name	Fee Components	Projected 13/15 Cost
Original Motorcycle Instruction Permit	Original Motorcycle Instruction Permit \$41.67; Convictions \$6.37; SR22/SR26 Filings \$4.04; Accident Reports \$3.97; Disabled Parking Permit \$3.75; All Rescinds \$1.77; Mandatory Insurance \$1.67; Driver Improvement \$1.22; Total Valid with Previous Photo \$0.27; Address Changes \$0.12; Automated Liability Insurance Reporting (ALIR) \$0.05; Habitual Offender \$0.02; Serious Accident \$0.	\$64.93
Motorcycle Knowledge Test	Motorcycle Endorsement Knowledge Test	\$ 1.55
Motorcycle Skills Test	Original Motorcycle Endorsement Skill Test	\$53.82
Commercial Driver License (CDL) CDL Original (in addition to Class C base Fees) Limited Term Original CDL (Class A,B,C)	Original CDL \$49.77; Record Positive Drug Tests (TOF) \$6.66; Convictions \$6.37; SR22/SR26 Filings \$4.04; Accident Reports \$3.97; Disabled Parking Permit \$3.75; All Rescinds \$1.77; Mandatory Insurance \$1.67; At-Risk Driver Program \$1.39; Driver Improvement \$1.22; CDL Medical Waiver Program \$0.2; Address Changes \$0.12; Automated Liability Insurance Reporting (ALIR) \$0.05; Habitual Offender \$0.02.	\$81.02
Commercial Driver License (CDL) Renewal <ul style="list-style-type: none"> • CDL Renewal • Limited Term Renewal CDL (Class A, B, C) 	CDL Renewal \$36.58; Record Positive Drug Tests (TOF) \$6.66; Convictions \$6.37; SR22/SR26 Filings \$4.04; Accident Reports \$3.97; Disabled Parking Permit \$3.75; All Rescinds \$1.77; Mandatory Insurance \$1.67; At-Risk Driver Program \$1.39; Driver Improvement \$1.22; Total Valid with Previous Photo \$0.23; CDL Medical Waiver Program \$0.20; Address Changes \$0.12.	\$68.06
Original CDL Instruction Permit	Orig. CDL Instr. Permit \$49; Record Positive Drug Tests (TOF) \$6.66; Convictions \$6.37; SR22/SR26 Filings \$4.04; Accident Reports \$3.97; Disabled Parking Permit \$3.75; All Rescinds \$1.77; Mandatory Insurance \$1.67; Driver Improvement \$1.22; CDL Medical Waiver Program \$0.2; Address Changes \$0.12; Automated Liability Insurance Reporting (ALIR) \$0.05; Habitual Offender \$0.02.	\$78.86

Table 3: DMV Services and Product Costs (part 2 of 5)

Fee Group / Fee Name	Fee Components	Projected 13/15 Cost
CDL Airbrake Restriction Removal Test CDL Skills (Drive) Test	CDL Skill Test	\$295.34
CDL Combination Test CDL Knowledge Test (Most Types)	CDL Knowledge Test	\$ 1.44
Hardship/Probationary Permit	All Hardship/ Probationary Permits \$136.42; Address Changes \$0.12.	\$136.54
Suspension Reinstatement	All DMV Sanctions \$132.09; Reinstatements \$32.27; Convictions \$6.37; CDL/CMV Suspensions \$0.83; Address Changes \$0.12.	\$171.68
Identification Card Original Limited Term ID Card Original	Original ID Card \$39.07; Disabled Parking Permit \$3.75; Address Changes \$0.12; Total Valid with Previous Photo \$0.01.	\$42.96
Identification Card Renewal Limited Term ID Card Renewal	ID Card Renewal \$28.51; Disabled Parking Permit \$3.75; Address Changes \$0.12; Total Valid with Previous Photo \$0.04.	\$32.42
Driver License/ ID Card Replacement <ul style="list-style-type: none"> • SB 833 (2013) Driver Card Replacement Fee • Farm Endorsement • Replacement Driver License/Permit or ID Card 	Total Replacements \$30.05; Total Valid with Previous Photo \$0.42	\$30.47
Title, Issuance, Transfer, and/or Duplicate - Light Vehicle Motor Home, Light Trailer Title, Issuance, Transfer, and/or Duplicate - Heavy Motor Vehicle, Heavy Motor Permit Trailer	Vehicle Titles (securing ownership interest in a vehicle) can be obtained through four service delivery channels: Field Offices at a cost of \$21.95; Dealers via dealer processing centers in field offices at \$24.47; Dealer registration through the Electronic Vehicle Registration (EVR) at \$16.56; and Mail-In at \$29.89. The weighted average cost per title is \$22.82.	\$22.82
Title, Issuance, Transfer, and/or Duplicate – Salvage	Salvage Titles \$20.74; Address Changes \$0.12.	\$20.86
Transitional Ownership Document	Transitional Ownership Document	\$20.73
VIN Inspection	VIN Inspection	\$ 3.80

Table 3: DMV Services and Product Costs (part 3 of 5)

Fee Group / Fee Name	Fee Components	Projected 13/15 Cost
<p>Vehicle Registration Fees Registration - Passenger & Light Trailer (per year)</p> <ul style="list-style-type: none"> • Registration Moped, Motorcycle (per year) • Registration Weight Vehicles > 8000 lbs: Truck, Bus, etc. (per year) • <i>Registration Weight Vehicles > 8000 lbs: Truck, Bus, etc.(Average)</i> • Registration Weight Vehicles > 8000 lbs: Charitable Organization • <i>Registration Weight Vehicles > 8000 lbs: Charitable Organization. (Average)</i> • <i>Registration Trailer, Heavy (Average)</i> • Registration Trailer Heavy (+8000 lbs.) • Registration Fixed Loads 0 - 3000 lbs • Registration Fixed Loads 3001 lbs. + • Registration Weight Vehicles > 8000 lbs: Manufacturing Structure Transport • Registration Weight Vehicles < 8000 lbs: Manufacturing Structure Transport • <i>Registration Weight Vehicles > 8000 lbs: Manuf. Structure Trans (Average)</i> • Registration. Trailer, Special Use (6-10 ft.) • Registration Trailer, Special Use (over 10 ft.) • Registration Farm Vehicles (based on weight) • <i>Registration Farm Vehicles (based on weight) (Average)</i> <p>Recreational Vehicle Registration Fees <i>(Net revenues transferred to Oregon State Parks (Oregon Department of Parks & Recreation))</i></p> <ul style="list-style-type: none"> • Registration Travel Trailer, Camper (6-10 ft.) • Registration. Travel Trailer, Camper (over 10 ft.) 	<p>Vehicle Registrations are the highest volume transaction for DMV and can be submitted through field offices, mail, DEQ emissions testing locations, an online system, and with a vehicle title through an Oregon dealer. Registrations processed in conjunction with titles do not have a set of discrete cost drivers and are presumed to cost less than any of the registration renewal options. Field office registration is the most expensive delivery channel costing \$13.22 per transaction. This is followed by mail service delivery at \$7.46, DEQ at \$6.59, and online vehicle registration at \$6.36. The weighted average cost of a registration renewal is \$8.68. Due to the large difference in cost depending on which delivery option is used, study team recommendations take into account relative costs. Vehicle Registration costs were calculated by averaging the costs for DEQ, Online, and Mail-in Registration renewals at a weighted average cost of \$6.80. Because Field Office costs were significantly higher than those of other service delivery channels, these costs are not included in the base calculation for vehicle registration, instead, the difference between the cost of a field office registration renewal and one through one of the three other delivery channels is proposed to be recovered through the Field Office Registration Surcharge.</p>	<p>\$ 6.80</p>

Table 3: DMV Services and Product Costs (part 4 of 5)

Fee Group / Fee Name	Fee Components	Projected 13/15 Cost
<ul style="list-style-type: none"> • <i>Registration ALL Travel Trailers & Campers (Average)</i> • Registration Motor Home (6-14 ft.) • Registration Motor Home (over 14 ft.) • <i>Registration ALL Motor Homes (Average)</i> 		
Field Office Registration Surcharge Field Office Registration (ORS 802.112 surcharge above average registration cost)	The difference between the weighted average cost of DEQ, Online, and Mail-in Registration Renewals and the cost of Field Office registration renewals.	\$ 6.42
License Plate Transfer Fee	Plate transfer cost is a weighted average of the three different delivery methods: Field Offices at a cost of \$26.51; Mail-in at a cost of \$22.15; and Vehicle Dealers at a cost to DMV of \$22.08. The average weighted cost of a plate transfer is \$26.33.	\$26.33
Registration Sticker Replacement - Month and Year	Replacement registration plates and stickers can be obtained through three delivery channels: Dealers at a cost of \$23.91; Field offices at a cost of \$22.73; and Mail at a cost of \$25.81. The weighted average cost of all replacement registration plates and stickers is \$23.21.	\$23.21
Trip Permits <ul style="list-style-type: none"> • Trip Permit - Heavy Trailer • Trip Permit - Registration Weight • Trip Permit - Registered Vehicle • Trip Permit - Heavy Motor Vehicle • Trip Permit- Light Vehicle • Trip Permit – Recreational Vehicle • Trip Permit - Dealer-issued 	Trip Permits \$13.65; Address Changes \$0.12	\$13.78
<ul style="list-style-type: none"> • Winter Recreation (Sno-Park) 1-day permit • Winter Recreation (Sno-Park) 3-day permit • Winter Recreation (Sno-Park) Annual permit 	Sno-Park permits are issued through the mail and field offices directly to customers, and are also issued by authorized agents for further distribution. Many transactions consist of wholesale distribution to agents, even at field offices. Multiple permits issued during same transactions means the per permit cost is lower than the per transaction cost. Because most of the permits are issued in bulk, the per permit cost is \$0.49.	\$ 0.49

Table 3: DMV Services and Product Costs (part 5 of 5)

4.2 Fee Structure Recommendations

The project team recommends the following:

4.2.1 *Set fees no less than 100% of the total needed for cost recovery*

Currently, all driver fees and some vehicle fees are set at levels below what is necessary to recover the full cost of providing these products and services. To avoid subsidizing those services with revenue originally intended for highway funding purposes, fees should be set at a level that recovers costs for a service or a group of related services. Setting all fees at a minimum required for cost recovery could result in approximately \$84 million in additional revenue per biennium.

Exceptions: Some products or services that DMV provides are governed by federal law or subject to state legislative priorities, which require fees to be set according to reasons other than cost.

These services include:

1) Disabled Person Parking Permits – A review by the Oregon Department of Justice determined that DMV must provide Disabled Person Parking Permits at no charge in order to comply with the *Americans with Disabilities Act (ADA)*.

2) Limited Term Driver Licenses and Identification Cards – DMV provides driver licenses and identification cards to temporary legal residents for a period that ends when the customer's lawful stay in the United States ends. The authority for this program comes from the 2008 Special Session of the Oregon Legislature (SB1080). A Limited Term card is typically valid for a shorter period than the standard 8-year driver license or identification card issuance period. The legislature set the original and renewal fees at 20% to 60% below the 8-year issuance fees, even though the costs of issuing these cards are equivalent to 8-year licenses. The recommendation increases Limited Term license fees, but keeps them at the same proportion to fees recommended for 8-year cards (20% to 60% below).

3) Driver Cards – DMV is in the midst of implementing Driver Card issuance as authorized by Senate Bill 833 during the 2013 legislative session, with the first issuances scheduled to begin January 2, 2014. These cards provide driving privileges to people who can prove identity/age but not legal presence in the United States. The cards are valid for four years, rather than the standard 8-year driver license issuance period. The legislature set issuance fees that are \$10 above the fees charged for issuance of an 8-year license, even though costs are on par with issuance of 8-year licenses. The recommendation retains the legislative direction of issuing Driver Cards at \$10 above the standard 8-year driver license fees.

4.2.2 Charge Driver Testing Fees for Cost Recovery Purposes

DMV currently relies on license/permit issuance fees for recovery of testing costs. Customers do pay a fee to take some types of driver license knowledge or skills tests, but most of these fees are not available for recovery of DMV administrative costs. A portion of commercial driver testing fees and 100% of non-commercial testing fees are dedicated to highway funding purposes. DMV does not charge a fee when customers test for a motorcycle instruction permit or endorsement. The commercial driver license knowledge test for “combinations” also has no fee today.

Customers vary widely in their performance on knowledge and driving skill tests. While many customers pass on their first try, others make repeated attempts before achieving a passing score. Overall, 40% of knowledge tests and 23% of skills tests result in a failing score. Establishing test fees for cost recovery purposes may provide an additional incentive for customers to adequately prepare for testing, and potentially result in fewer failures and lower testing volumes. Additionally, separating testing fees from issuance fees helps keep the cost of issuance lower for customers who receive a passing score the first time.

Current and proposed testing fees:

Test Type	Current Fee	Proposed Fee
Class C Knowledge Test	\$ 5	\$ 15
Class C Skills (Drive) Test	\$ 9	\$ 35
CDL Knowledge Test (most types)	\$ 10	\$ 15
CDL Skills (Drive) Test	\$ 70	\$ 165
CDL Airbrake Removal Skills Test	\$ 56	\$ 165
CDL Combinations Knowledge Test	\$ 0	\$ 15
Motorcycle Knowledge Test	\$ 0	\$ 15
Motorcycle Skills (Drive) Test	\$ 0	\$ 35

Table 4: Current and Proposed Testing Fees

As testing is one of many work steps within the issuance process, the proposed fees do not reflect an isolated cost specifically for “testing” but instead consider “market pricing” factors. At current volumes, the proposed testing fees in addition to the proposed license issuance fees would provide revenue equal to the total cost of issuing each type of driver license, permit or endorsement.

Administering drive tests are among the most time-consuming types of work that DMV conducts. It takes an average of 1 hour 22 minutes to administer a CDL Drive test (including failed tests) and just less than 30 minutes for a Class C drive test. That comes out to a cost of about \$300 and \$100 respectively. After a review of neighboring states and at third party testing providers, the rationale for using a market-adjusted methodology for testing fees became obvious.

The average fee for a CDL test administered by a third party provider is about \$125, plus the customer fee pays a \$40 fee to DMV to cover the cost for DMV to audit the third party providers. Currently Oregon does not have Class C third party providers, but a survey of comparator states revealed a \$35 fee would be within the range of fees.

Knowledge tests fees, currently \$5 for Class C and \$10 for CDL, are collected for dedicated revenue-generation purposes. The true cost of administration is \$4 for Class C and \$2 for CDL. In order to help recover some of the costs of the more-expensive behind-the-wheel test, we're proposing a \$15 fee for knowledge tests within the "market" for that product.

	Class C Knowledge Test	Class C Drive Test	Class C Instruction Permit	Class C Driver License
Actual Cost	\$4	\$99	\$68	\$68
Proposed Fee	\$15	\$35	\$32	\$92*

NOTE: *Does not include \$6 Student Driver Training Fund Fee

Table 5: Driver Testing fees with "Market Comparison" Adjustment

4.2.3 Shift Oregon Transportation Investment Act (OTIA) Earmarks

The 2003 Oregon Legislature enacted the last phase of a three-phase Oregon Transportation Investment Act OTIA III (HB 2041), which increased several DMV driver and vehicle fees for the purpose of providing revenue for highway fund projects. These fees were estimated to raise an additional \$177¹ million per biennium, "earmarked" so that portions of the fees collected would go toward specific purposes.

Prior to HB 2041, DMV driver transaction fees were established purely for administrative cost recovery. Vehicle fees are actually taxes since in addition to cost recovery they have also provided revenue for highway work. As noted in Section 4.1 "Findings," driver fees are no longer adequate to recover costs while vehicle fee revenue, intended for highway work, subsidize the cost of driver license issuance.

The project team proposes that OTIA-III earmarks be removed from DMV driver transaction fees. Instead, vehicle registration fees should be used to meet the obligations of these identified highway projects. The increases recommended to allow all driver and vehicle fees to recover their own costs (at a minimum) could provide \$84 million additional revenue per biennium, which is substantially more than is needed to allow existing vehicle registration fees to be earmarked for OTIA III funding purposes (about \$5.2 million per biennium).

¹ Estimated revenues were compiled from the December 2008 ODOT revenue forecast. No DMV specific revenue estimate is available from the HB 2041 legislative tracings.

Currently customers pay additional fees each time they take a test, but the additional test fee revenue technically goes to fund highway projects even though DMV performs additional work.

Removing the OTIA earmark from the testing fees means that fees can be set at market rate for DMV cost recovery. Unless test fees are set above “market rate,” continuing to earmark a portion of testing fees for OTIA reduces the amount DMV can collect for cost recovery, meaning that license issuance fees will need to be set higher in order to cover the difference.

DMV is evaluation options to outsource testing and to waive testing requirements in situations where highway safety will not be impacted. These efforts could undermine the collection of revenue needed to pay for highway projects. Consequently, shifting the OTIA earmarks to vehicle registration ensures that changes to testing requirements will not impact OTIA funding.

ORS 291.050 defines a “fee” as *“an amount imposed and collected by a state agency to defray or recover the costs of administering the law involved in providing a service to the public and used by the state agency to carry out or enforce a law under its jurisdiction.”*

Due to the OTIA earmarks, these driver fees are currently “taxes” and require a three-fifths majority in order to be increased. Vehicle title and registration fees are already considered taxes. This adjustment reduces the number of DMV “fees” that are “taxes.”

The following table shows the proposed shifts in how funds are earmarked:

Product	OTIA III Fee Shift	Total Projected Revenue Change (2013-15)
CDL Original	\$ (20)	\$ (247,280)
CDL Renewal	\$ (13.50)	\$ (349,583)
CDL Instruction Permit	\$ (5)	\$ (57,390)
CDL Knowledge Test (most types)	\$ (7)	\$ (402,183)
CDL Skills Test	\$ (14)	\$ (35,464)
Motorcycle Instruction Permit	\$ (5)	\$ (38,430)
Class C Instruction Permit	\$ (5)	\$ (568,310)
Class C Knowledge Test	\$ (5)	\$ (2,225,506)
Class C Skills Test	\$ (9)	\$ (1,315,676)
Total		\$ (5,239,822)
Earmark a portion of Vehicle Registration fees to OTIA-III recipients	\$ 1.61 per registration	\$ 5,239,822

Table 6: Proposed OTIA III Earmark Shift

4.2.4 Field Office Registration Surcharge

DMV provides customers with options to obtain vehicle registration renewal through several different service channels. Customers can renew registration at a DMV field office, through the mail, or by DMV's online services. Many vehicles registered in the Portland and Medford areas are required to pass a Department of Environmental Quality (DEQ) emissions test. DEQ, in partnership with DMV, processes registration renewals at their emissions testing stations.

As described in Section 4.1, the cost analysis of providing vehicle registration renewals shows that a renewal conducted in a DMV office costs over \$6 more than a renewal performed by mail, online or through DEQ.

ORS 802.112 authorizes the department to collect a surcharge “...if the fee is imposed for a transaction that can be conducted by a customer of the department in more than one way and the customer chooses the more expensive way. A surcharge imposed under this section may not exceed the lesser of the additional cost to department, rounded to the nearest dollar, or \$10.”

The project team recommends that the department begin assessing a \$6 surcharge on vehicle registration renewal transactions conducted in a DMV field office. The surcharge could provide \$11 million per biennium in additional revenue if there is no change in customer behavior. If 25% of current field office registrations renewals shift to lower cost service delivery channels, only \$8.25 million per biennium of additional revenue is projected to be generated by the \$6 surcharge.

Although the surcharge is permitted under current statute, other options are available for recovering the full cost of registrations through each service delivery channel. Raising the registration renewal fee for registrations processed through the field office or mailed in for processing while holding the fee steady for online and DEQ registration renewals would reach a similar fee structure and create an incentive for customers to use a lower cost service delivery channel.

4.2.5 Technology Fee

The DMV Information Technology portfolio is highly complex, consisting of over one hundred computer software applications in both mainframe and client server environments that were first developed in the late 1950s. Many of these applications have exceeded their expected lifecycle.

The result is that DMV lacks the flexibility to be able to cost-effectively implement policy and operational changes to improve services. The cost of a replacement system is substantial. A technology consulting firm recently finalized a strategic information

systems plan to provide a blueprint for modernizing DMV information systems to improve service delivery.

The project team queried other states about possible funding strategies for technical investments. Many states simply received a legislative appropriation to pay for system modernization. Another popular strategy is the collection of a small “technology fee” on selected driver and vehicle services. The project team recommends seeking legislative approval to assess an additional \$3 fee on the issuance of original and renewal driver licenses and on vehicle titles and registration. The fee would provide approximately \$20 million per biennium in funding and could have a sunset clause that takes effect as soon as the department obtains the amount of revenue needed to finance DMV’s systems modernization. Alternately the \$3 technology fee could continue on and provide the basis for ongoing technology investments and replacements into perpetuity.

4.2.6 Eliminate the Biometrics Data Collection Fee

Legislative action in 2005 (Senate Bill 640) provided DMV with authority to use biometric data obtained from the photos taken of customers who apply for a driving privilege or identification card for the purpose of establishing the person’s identity. Beginning in 2007, DMV implemented facial recognition software for this purpose. The bill authorized the department to charge a “Biometrics Data Collection Fee” of up to \$3 to fund these improvements. Subsequent legislative actions increased most driver issuance fees to incorporate the additional \$3 into the base fees. DMV continues to charge a separate \$3 fee only when issuing a motorcycle endorsement or a farm endorsement.

The fees recommended in this report reflect the current workload required to issue farm and motorcycle endorsements, so a separate Biometrics Data Collection Fee is no longer required. The project team recommends repealing the statute that authorizes the fee (ORS 807.375)

4.3 List of Recommended Fees

The following table provides a summary of the current fees, projected 13/15 costs, and proposed fees developed by the project team for each DMV product or service.

Fee Group <small>(References are at end of table)</small>	Current Fee	Projected	Proposed
Fee Name	(\$)	13/15 Cost (\$)	Fee (\$)
<i>Class C Driver License</i> ^{1 2 3}			
Class C Driver License Original**	54.00	67.47	92.00
Class C Driver License Renewal**	34.00	55.71	56.00
Original Class C Instruction Permit	24.00	67.92	32.00
<i>NOTE: **Student Driver Training Fund Fee (currently added to Driver License base fees)</i>	6.00	-	6.00
Class C Knowledge (Written/ATD/Oral) Test	5.00	3.12	15.00
Class C Skills (Driving) Test	9.00	98.71	35.00
Limited Term Original Class C*	23.00	67.47	40.00
Limited Term Renewal Class C*	8.00	55.71	13.00
<i>NOTE: *Student Driver Training Fund (SDTF) Fee (currently added to Limited Term Driver License base Fees)</i>	2.00	-	2.00
SB 833 Class C Driver Card	64.00	67.47	102.00
SB 833 Restricted Class C Driver Card	64.00	67.47	102.00
SB 833 Class C Driver Card Renewal	44.00	55.71	66.00
SB 833 Driver Card Replacement Fee	30.00	30.47	31.00
<i>Farm Endorsement</i>			
Farm Endorsement	26.00	30.47	31.00
<i>Motorcycle Endorsement</i> ¹			
Motorcycle Endorsement	46.00	65.43	59.00
Motorcycle Safety Subaccount Fee: Original Motorcycle Endorsement	38.00	-	38.00
Motorcycle Safety Subaccount Fee: Renewal of MC-endorsed Driver License	28.00	-	28.00
Original Motorcycle Instruction Permit	24.00	64.93	32.00
Motorcycle Knowledge Test	-	1.55	15.00
Motorcycle Skills Test	-	53.82	35.00
<i>Biometrics Data Fee</i>			
Biometrics Data Collection Fee (Farm/Motorcycle only)	3.00	-	-

Table 7: List of Recommended Fees (part 1 of 4)

Fee Group (References are at and of table)			
Fee Name	Current Fee (\$)	Projected 13/15 Cost (\$)	Proposed Fee (\$)
<i>Commercial Driver License (CDL)</i> ^{1 2}			
CDL Original (in addition to Class C base Fees)	75.50	81.02	80.00
CDL Renewal**NOTE: **Student Driver Training Fund Fee (currently added to Driver License base fees)	55.50	68.06	69.00
Original CDL Instruction Permit	24.00	78.86	42.00
CDL Knowledge Test (Most Types)	10.00	1.44	15.00
CDL Airbrake Restriction Removal Test	56.00	295.34	165.00
CDL Combination Test	-	1.44	15.00
CDL Skills (Drive) Test	70.00	295.34	165.00
CDL Commercial Driver Competency Certificate Fee	40.00	-	40.00
Limited Term Original CDL (Class A,B,C)	45.00	81.02	58.00
<i>Driver Sanction Fees</i>			
Hardship/Probationary Permit	50.00	136.54	137.00
Reinstatement Fee	75.00	171.68	172.00
<i>Identification Cards</i> ²			
<i>Current ID Card fees and ID Card fee recommendations include maintaining current revenue transfer to Public Transit.</i>			
Identification Card Original	44.50	42.96	67.00
Identification Card Renewal	40.50	32.42	54.00
Identification Card Replacement	39.50	30.47	52.00
Limited Term ID Card Original	20.00	42.96	20.00
Limited Term ID Card Renewal	18.00	32.42	18.00
<i>Replacement Driver License or Permit</i>			
Replacement Driver License/Permit	26.50	30.47	31.00
<i>Vehicle Title Fees</i>			
Title, Issuance, Transfer, and/or Duplicate - Light Vehicle, Motor Home, Light Trailer	77.00	22.82	77.00
Title, Issuance, Transfer, and/or Duplicate - Heavy Vehicle, Heavy Permit Trailer	90.00	22.82	90.00
Title, Issuance, Transfer, and/or Duplicate - Salvage	27.00	20.86	27.00
Titles - Late Transfer Penalty (Day 31-60)	25.00	-	50.00
Titles - Late Transfer Penalty (Day 61+)	50.00	-	100.00

Table 7: List of Recommended Fees (part 2 of 4)

Fee Group <small>(References are at and of table)</small>	Current Fee	Projected	Proposed
Fee Name	(\$)	13/15 Cost	Fee (\$)
(\$)	(\$)	(\$)	(\$)
Miscellaneous Vehicle Title Fees			
Transitional Ownership Document	13.00	20.73	21.00
VIN Inspection	7.00	3.80	7.00
Vehicle Registration			
Registration - Passenger & Light Trailer (per year)	43.00	6.80	43.00
Registration Moped, Motorcycle (per year)	24.00	6.80	24.00
Registration Weight Vehicles > 8000 lbs: Truck, Bus, etc. (per year)	\$55 to \$1295	6.80	\$55 to \$1295
Registration Weight Vehicles > 8000 lbs: Truck, Bus, etc. (Average)	392.00	6.80	392.00
Registration Weight Vehicles > 8000 lbs: Charitable Org.	\$50 to \$415	6.80	\$50 to \$415
Registration Weight Vehicles > 8000 lbs: Charitable Org. (Average)	84.00	6.80	84.00
Registration Weight Vehicles > 8000 lbs: Manufactured Structure Transport	\$102 to \$845	6.80	\$102 to \$845
Registration Weight Vehicles > 8000 lbs: Manuf. Structure Trans (Average)	221.00	6.80	221.00
Registration Trailer, Heavy (+8000 lbs.)	10.00	6.80	10.00
Registration Fixed Loads 0 - 3000 lbs.	54.00	6.80	54.00
Registration Fixed Loads 3001 lbs. +	75.00	6.80	75.00
Registration Trailer, Special Use (6-10 ft.)	54.00	6.80	54.00
Registration Trailer, Special Use (over 10 ft.)	\$54+\$3/ft	6.80	\$54+\$3/ft
Registration Special Use Trailers (ALL)	93.00	6.80	93.00
Registration Farm Vehicles (based on weight)	\$35 to \$585	6.80	\$35 to \$585
Registration Farm Vehicles (based on weight) (Average)	148.00	6.80	148.00
Recreational Vehicle Registration Fees			
<i>Net revenues transferred to Oregon State Parks</i>			
Reg. Travel Trailer, Camper (6-10 ft.)	81.00	6.80	81.00
Reg. Travel Trailer, Camper (over 10 ft.)	\$81	6.80	\$81
	+\$6.75/ft		+\$6.75/ft
Reg. ALL Travel Trailers & Campers (Average)	162.00	6.80	162.00
Reg. Motor Home (6-14 ft.)	54.00	6.80	54.00
Reg. Motor Home (over 14 ft.)	\$126	6.80	\$126
	+\$7.50/ft		+\$7.50/ft
Reg. ALL Motor Homes (Average)		6.80	264.00

Table 7: List of Recommended Fees (part 3 of 4)

Fee Group <small>(References are at and of table)</small>	Current Fee	Projected	Proposed
Fee Name	(\$)	13/15 Cost	Fee (\$)
(\$)	(\$)	(\$)	(\$)
<i>Field Office Registration Surcharge</i>			
Field Office Registration (ORS 802.112 surcharge above average reg. cost)	-	6.42	6.00
<i>Plate Fees</i>			
Plate Fee (was "Plate Manufacturing Fee")	\$12.00/single \$24.00/pair	-	\$12.00/single, \$24.00/pair
Plate Fee (was "Plate Manufacturing Fee") (Average)	21.70	-	21.70
Plate - Replacement (including Custom)	\$5 at renew, \$10 otherwise	23.21	\$5 at renew, \$25 otherwise
Plate – Custom Fees (per year)	50.00	-	50.00
<i>Miscellaneous Registration Fees</i>			
Plate Transfer Fee	6.00	26.33	27.00
Reg. Sticker Replacement - Month and Year	10.00	23.21	25.00
<i>Trip Permit Fees</i>			
Trip Permit - Heavy Trailer	6.00	13.78	15.00
Trip Permit - Registration Weight	5.00	13.78	15.00
Trip Permit – Registered Vehicle	7.50	13.78	15.00
Trip Permit - Heavy Motor Vehicle	43.00	13.78	45.00
Trip Permit - Light Vehicle	30.00	13.78	30.00
Trip Permit - Recreational Vehicle	30.00	13.78	30.00
Trip Permit - Dealer-issued	15.00	13.78	15.00
<i>Sno-Park Permits</i>			
<i>NOTE: Net revenues transferred to Sno-parks program</i>			
Winter Recreation (Sno-Park) 1-day permit	4.00	0.49	4.00
Winter Recreation (Sno-Park) 3-day permit	9.00	0.49	9.00
Winter Recreation (Sno-Park) Annual permit	25.00	0.49	25.00

¹ The proposed fees recover all costs within each Driver License product type. For example, the proposed CDL drive test fees are lower than the calculated costs, but are offset by original issuance and knowledge test fees greater than calculated costs. The fees are projected to result in 100% cost recovery for each product type. Product types with proposed fees set according to this method are: Class C Driver License Original, Original Class C Instructional Permit, Class C Test Fees, SB 833 Class C and Restricted Class C Driver Cards, Motorcycle Endorsement Motorcycle Instructional Permit, Motorcycle Knowledge Test, Motorcycle Skills Test, CDL Original, CDL instructional Permit, CDL Test Fees, and CDL Commercial Driver Competency Certificate Fee.

² Limited Term fees retain the existing ratio between the fee for the basic license type and the fee for the limited term equivalent.

³ Fees proposed for Driver Cards enacted under SB 833 remain \$10 more expensive than the Driver License equivalent.

Table 7: List of Recommended Fees (part 4 of 4)

4.4 Future Recommendations

The project team has identified several subjects that should be explored further at a later time. These represent potential improvements that could be made either to reduce costs or improve the DMV's ability to meet operational objectives.

4.4.1 *Disability Golf Cart Permits*

Ensure Disability Golf Cart Permit Program fees are set to account for issuance volume, process, and costs, and that the program is meeting policy objectives.

ORS 810.070 provides authority for a "road authority" (e.g., a city) to allow the operation of golf carts on highways adjacent to a golf course and in the areas between an adjacent real estate development and where golf carts are parked or stored.

This is allowed provided that operation of golf carts with regular vehicle traffic can be accomplished safely. As golf carts are a type of motor vehicle, their operation on highways open to the public requires the operator to possess valid driving privileges. A non-commercial Class C driver license, typically issued to people who want to drive a regular passenger vehicle, also allows operation of a golf cart. However, ORS 807.210 also provides authority for DMV to issue a "disability golf cart permit," a type of restricted Class C driving privilege that is available only to persons with ambulatory disabilities. The permit is issued to people who would not otherwise qualify for a regular driver license due to the person's disability. The permit allows a person to operate a golf cart on roads with a designated speed of 25 miles per hour or less.

Current statute provides for issuing disability golf cart permits, valid for eight years, at fees of \$44 for an original issuance or \$32 at renewal. These fees are lower than the regular Class C license fees (\$54 for original, \$34 for renewal). The project team's cost analysis determined that the work measurement timings for issuing and renewing driver licenses do not include any measurement of the processes to issue or renew disability golf cart permits. This is due to the very low issuance volume. In 2012, DMV issued a total of two permits.

The project team determined that based on the issuance requirements, the employee time required to renew a disability golf cart permit is the same as a regular Class C license. Knowing this, the team set a recommended renewal fee to match the Class C renewal fee.

However, the project team found that the process of issuing an original permit is likely much more expensive than a regular Class C license. In order to administer a skills test, a DMV field office manager or lead worker travels to the applicant's home and conducts the test over nearby streets with speed designations of 25 miles per hour or less. But as the tests are conducted infrequently, timings do not exist for the total amount of time that an employee spends travelling to and from an applicant's home to administer the test. As

a result, the team recommends at this time that the original issuance fee should be set to match the fee DMV charges for a regular Class C license.

The program also should be evaluated to determine whether it is offering enough value to justify its existence. At only two issuances in a year, perhaps there are other options that could be explored to serve this population. Given that DMV does conduct a knowledge test and a vision tests, perhaps an actual skills test is not needed – maybe certification from a physician that the person possesses the motor skills needed to operate a cart successfully would suffice.

4.4.2 Moped-Restricted Class C License

Evaluate the effectiveness of this program taking into account recent transaction volume and risks of existing testing requirements.

ORS 807.031(5) provides authority for DMV to issue a restricted Class C license to a person who wants to operate a moped (and not a regular passenger vehicle) on highways open to the public.

Instead of administering a behind-the-wheel skills test on the roadway in a passenger vehicle, a DMV examiner observes the moped operator on a test course in the parking lot of a DMV office – the same test courses that DMV uses to test applicants for a motorcycle endorsement. But unlike motorcycle applicants, who are required to possess a regular Class C license, a moped operator may never have demonstrated an ability to ride in traffic.

The project team examined the transaction volumes, finding that DMV issues about 15 moped-restricted licenses per year. Given this frequency, there may be long gaps in time between moped tests administered by an individual DMV examiner. The team recommends that for now, fees should continue to be the same as the fees paid by a regular Class C license applicant, but further study should be done to evaluate the need for continued existence of the program, given the low volumes and the risks associated with granting a license to operate a moped on city streets without having conducted a road test.

4.4.3 Winter Recreation (i.e. “Sno-Park”) Permits

As the public already purchases 97% of the Sno-Park permits at third party locations, the project team recommends further study into possibly discontinuing the practice of selling the permits in field offices, allowing staff to concentrate on issuance of other products. If that option is eliminated, third party vendors will plan ahead and purchase additional stock from DMV by mail, freeing field office staff to assist customers who really need in-person service. Due to ongoing staff reductions, keeping DMV staff available to serve customers who have no other options than to visit a DMV office is a primary goal. The

project team further recommends as an alternative that some type of permit that can be paid for by credit card and printed at a customer's personal computer be considered.

ORS 811.590 requires persons who park a vehicle in a designated winter recreation parking area between November 1 and April 30 to display an ODOT Winter Recreation Permit, commonly known as a "Sno-Park" permit.

The permits are primarily sold by third party vendors, such as sporting goods stores and ski resorts. The private vendors enter into a sales agreement with DMV and purchase the permits from DMV. Unused permit stock that has not been removed from a permit book can be returned to DMV at the end of the winter season for a full refund. DMV also offers the permits for sale directly to customers in field offices and by mail, which isn't commonly used since people frequently wait to purchase passes after weather conditions at the recreation area are known.

Permit fees were recently adjusted by Oregon Administrative Rule to \$4 for a one-day permit, \$9 for a 3-consecutive day permit or \$25 for an entire winter season. The project team determined that DMV administrative costs are about 50-cents per permit. Excess revenue is transferred to the ODOT Winter Recreation Parking Program account, which provides funding for the cost of snow removal from winter recreation parking areas.

Customers purchase about 130,000 permits each year. DMV provides roughly 35% of the permits to approved vendors by mail, and sells about 3% of the permits to customers at DMV field offices. The remaining permits (62%) are purchased by vendors directly from DMV field offices. The majority of the sales occur at the DMV office in Sandy, which is located along the Mount Hood Highway (U.S. 26). As private for-profit businesses, ski resorts prefer not to tie up cash in Sno-Park permit inventory and tend to "under-stock" the permits. When heavier-than-expected snowfall occurs, Mt. Hood ski resort operators send employees to the Sandy office to purchase permits to meet the increased demand.

4.4.4 Shift Additional Commercial Driver License Skills (CDL) Testing to Third Party Providers

Currently DMV is exploring options to reduce the number of CDL skill tests it administers, while increasing the use of third party test providers. Among the options considered is eliminating CDL skills testing in offices that are within a reasonable distance of third party test providers. The project team recommends exploring these options aggressively with the goal of eventually shifting all CDL skills test administration to third parties that are able to provide this service at less cost than DMV.

CDL skills tests are one of the most time-consuming and expensive work types performed by DMV. Field office employees spend an average of two hours per customer per test. A completed test includes a pre-trip vehicle inspection, a basic controls skills test and an on-the-road drive test. As this work requires specialized knowledge and training, the employees who conduct CDL skills tests are classified at a higher salary range than

the more common Transportation Services Representative 1 classified positions that comprise the majority of the field office workforce.

Applicants who do not possess a valid or recently expired commercial driver license are required to complete a CDL skills test. Annually, about one-third of these applicants complete skills testing at DMV, totaling about 1,200 tests each year. The remaining two-thirds of applicants utilize one of the agency's certified third party providers. The third party providers charge an average of \$125 per test. Upon completion, the third party tester issues a *Certificate of Test Completion*, which the customer returns to DMV along with a \$40 certificate fee. Even though DMV does not incur expenses directly related to testing when a customer utilizes a third party provider, the certificate fee provides a means to recover the cost of DMV staff to audit the performance of third party providers. The audit program helps ensure the testers conduct tests properly and reduces opportunities for undetected fraud.

4.4.5 CDL Passenger and School Bus Drive Tests

Ensure that fees for CDL endorsement tests are set to recover the full cost of the test.

Oregon law requires that in order to operate a commercial motor vehicle, a driver must obtain a commercial endorsement, commonly referred to as a Commercial Driver License (CDL). To operate vehicles designed to carry more than 16 persons (including the driver), a person needs to obtain a "passenger" or "school bus" endorsement in addition to their base CDL.

If a person completes the required passenger or school bus knowledge test and then passes a drive test in a vehicle or school bus designed to carry 16 or more passengers, the applicant is issued a CDL with either a passenger or school bus endorsement. The customer pays the issuance fee and applicable testing fees.

Currently, if a customer was issued a CDL without an endorsement and they later come back and wish to take the drive test for a passenger or school bus endorsement, DMV does not charge a fee for the skills test. However, the cost of conducting a passenger or school bus endorsement test is similar to the cost of conducting any other commercial driver license skills test. According to DMV Driver Programs staff, the number of people who return to take a school bus or passenger endorsement test after already obtaining a CDL is small. However, the project team recommends that these tests be subject to the CDL skills test fee because of the additional costs required to administer the tests.

5 APPENDIX

5.1 Glossary of Terms

Accident Reports ORS 811.720 defines criteria for when a person who is involved in a motor vehicle crash is required to report the crash to DMV. ORS 806.010 requires liability insurance when operating a vehicle on Oregon's highways and premises open to the public. DMV ensures reportable accidents are filed when required and verifies insurance coverage. An accident is a reportable when the following conditions occur: Damage to the vehicle you were driving is over \$1,500; Damage to any vehicle is over \$1,500 and any vehicle is towed from the scene as a result of damages from this accident; Injury or death resulted from this accident; or Damages to any one person's property other than a vehicle involved in this accident is over \$1,500. A driver involved in a reportable accident must file an Oregon Traffic Accident and Insurance Report within 72 hours of the accident, Form 735-32. DMV requires an accident report be filed upon learning an accident occurred. DMV learns an accident occurred when any person involved in the accident files a report, a law enforcement officer files an Oregon Police Traffic Crash Report, Form 735-46A, or an insurance company reports an uninsured accident. When a driver involved in a reportable accident does not file an accident report, DMV will suspend the person's driving privileges.

Activity-Based A costing methodology that identifies activities in an organization and assigns the cost of all resources to those activities based on actual consumption. This model assigns more indirect costs (overhead) into direct costs compared to traditional costing methods.

Administrative Analysis Units Units that provide services that apply to all products, or are unable to be allocated to specific products or product groups. These unit's expenditures are allocated to an administrative cost pool to be distributed across service groups by FTE.

ARRA American Recovery and Reinvestment Act (ARRA). On February 13, 2009, in direct response to the economic crisis and at the urging of President Obama, Congress passed the American Recovery and Reinvestment Act of 2009 -- commonly referred to as the "stimulus" or the "stimulus package." \$787 billion was made available through tax cuts, funding for entitlement programs, funding for federal contracts, grants and loans. In 2011, the original expenditure estimate of \$787 billion was increased to \$840 billion to be in line with the President's 2012 budget. The three immediate goals of the Recovery Act are:

- Create new jobs and save existing ones
- Spur economic activity and invest in long-term growth
- Foster unprecedented levels of spending accountability and transparency

At-Risk Driver Programs A person who has a mental or physical condition or impairment that affects safe driving, a problem condition involving alcohol, inhalants or controlled substances; or is not able to operate a motor vehicle without endangering persons or property is not eligible for a license or permit. ORS 807.060 (4) (5) and ORS 807.070 (3). DMV recognizes that some individuals have, or may develop, medical conditions, impairments or driving behaviors that affect driving. These individuals may be “at-risk” for unsafe driving and may not be qualified to hold a license or permit. Under ORS 807.340, DMV may require any driver who has been granted driving privileges in the state to re-establish eligibility for a license. Reports of “at-risk” drivers are received from a number of sources. This chapter discusses policy related to the reporting of at-risk drivers, including mandatory and non-mandatory reporting requirements, and DMV’s evaluation of the at-risk driver.

ATD Automated Testing Device refers to computer equipment used to administer by DMV for written skill testing.

Capitalized An accounting method used set up (expenditures) as business assets in the books of account instead of treating as expense. It delays the recognition of expenses by recording the expense as long-term assets.

CDL Commercial Driver License

CDL Medical Waiver Program Federal regulations and Oregon statutes do not permit a person to hold a CDL or commercial instruction/learners permit (CLP), or to operate a commercial motor vehicle (CMV), unless medically qualified to hold a CDL/CLP or operate a CMV. Federal Motor Carrier Safety Administration (FMCSA) rules detail specific requirements that each state licensing agency must satisfy to ensure compliance with the federal law.

Change of Address A person to whom DMV issued a driver license, instruction permit or identification (ID) card commits the offense of failure to notify the department of change of address if they do not notify the department within 30 days in a manner authorized by the department. (ORS 807.420 and ORS 807.560)

Coffee Creek Correctional Facility a minimum state correctional facility in Wilsonville that houses inmates that provide basic telephone call-center assistance for customers support to DMV as mandated by the Oregon State Legislature. Also see Oregon State Correctional Institution (OSCI)

Connect Oregon In 2005, the Oregon Legislature created the Multimodal Transportation Fund to invest in air, marine, rail, and public transit infrastructure improvements. The Fund is part of what is known as the 5-phased *ConnectOregon* program; providing grants and loans to non-highway transportation projects that promote economic development in Oregon. The legislature authorized issuance of \$100 million in lottery-backed revenue bonds to fund the program in each of the 2005-07, 2007-09, and

2009-11 biennia; \$40 million was authorized in 2011 for the 2011-13 biennium; and the 2013 Oregon Legislature approved a fifth round of *ConnectOregon* funding in the amount of \$42 million (Senate Bill 5533) signed by the Governor on August 14, 2013.

Cost Accounting A method of accounting which provides for assembling and recording all elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

Court Ordered Judgments ORS 809.130 directs courts to render a judgment against a person who is uninsured at the time of a motor vehicle accident. A court must immediately notify DMV if a person does not settle the judgment within 60 days as established under ORS 809.470. Upon receipt of a notice of an unsettled judgment from the court (DMV Form 735-6702), DMV will suspend driving privileges as required under ORS 809.415(1).

DEQ Department of Environmental Quality. A state agency that administers emissions testing for specific areas of the state, e.g. Portland and Medford areas.

Depreciation A method of allocating the cost of a tangible asset over its useful life. Businesses depreciate long-term assets for both tax and accounting purposes.

Disabled Parking Permit ORS 811.602 allows for the issuance of disabled parking permits to persons with disabilities as defined in ORS 801.387. Decals are issued for placement on golf carts, motorcycles or similar vehicles that allow the same parking privileges as a disabled person parking permit. DMV is not allowed to charge for this permit to ensure compliance with Americans with Disabilities Act.

Driver Improvement The purpose of the Driver Improvement Program is to reduce traffic convictions and crashes and to temporarily remove unsafe drivers from Oregon's roads. ORS 809.480 authorizes DMV to establish by administrative rule a provisional driver improvement program and an adult driver improvement program.

DMV Driver and Motor Vehicles Services Division of ODOT

DMV Service Groups DMV is organized into four "Service Groups" with additional staff assigned to the Administrator's Office. Two of these groups, Field Services and Processing Services, are more "production-oriented" while the other two, Customer Services and Program Services, primarily serve support functions

DMV Units Serve four organizational roles and can be classified in to four groups of Analysis Units: Administrative, Supervisory, Timed, and Untimed. Crews with multiple roles or multiple areas of responsibility are split in to multiple analysis units, and units with homogeneous responsibilities in the activity timings are combined in to one analysis unit.

Earmarks A provision in Congressional or state legislation that allocates a specified amount of money for a specific project, program, or organization.

ETS Department of Administrative Services Enterprise Technology Services formerly known as the State Data Center (SDC).

FTE Full-Time Equivalent is a unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts. An FTE of 1.0 means that the person is equivalent to a full-time worker while an FTE of 0.5 signals that the worker is only half-time.

IS or ISB Information Systems or Information Systems Branch of ODOT.

IT Information Technology; used in reference to computer systems or the people who work on them.

Intermodal Transportation System Strictly defined using the Latin roots of the word (infer = between; modus = way) – intermodal suggests transportation between different ways of transporting a good or a person. If a person or commodity moves by more than one mode, it has moved "intermodally". From ODOT's perspective it includes designing, constructing, operating, and maintaining transportation options and linkages that create an efficient transportation system that supports economic opportunity and livable communities for Oregonians.

Knowledge Test ORS 807.070 requires a test of the applicant's knowledge and understanding of the traffic laws, safe driving practices and factors that may cause accidents. The test for each class of license and endorsement must include, but is not limited to, a test of knowledge and understanding of traffic laws that relate specifically to the type of driving privileges granted under the specific class of license or endorsement sought.

Liability Insurance ORS 806.070 and 806.075 require minimum liability coverage when operating a vehicle on Oregon highways or premises open to the public. \$25,000/\$50,000 for bodily injury to any one person or in any accident, and \$20,000 for property damage in any one accident. The bodily injury amount increases to \$50,000/\$100,000 if a person is convicted of DUII.

Legal Presence Prior to issuing, renewing or replacing any driver license, driver permit or identification card, the Department of Transportation shall require a person to provide proof of legal presence in the United States. ORS 807.021 Statute further states that a person provides proof of legal presence in the United States by submitting valid documentation, as defined by the department by rule, that the person is a citizen or permanent legal resident of the United States or is otherwise legally present in the United States in accordance with federal immigration laws.

Legislation Recent legislation that was adopted in 2001, 2003 and 2009 that impacted DMV Fees

- **Oregon Transportation Investment Act -OTIA I (2001 HB 2142)**

Specific per transaction contributions not identified, but in total set aside \$71.2 million in fee revenue for payment of principal and interest due on bonds. Portions of this money not needed for bond repayment are allocated 50% to ODOT, 30% to counties and 20% to cities.

- **Oregon Transportation Investment Act -OTIA III (2003 HB 2041)**

Increases to Title Fees, Vehicle Registration Fees: 57.53% to ODOT, 25.28% to repay bonds issued for replacement and repair of county bridges (any unused allocated to counties), 16.99% to repay bonds issued for replacement/repair of city bridges (any unused allocated to cities).

Increases to VIN Inspections, Plate Fees, Driver Testing Fees: 60% to counties, 40% to cities

- **Jobs and Transportation Act - JTA (2009 HB 2001)**

Increases to Title Fees, Vehicle Registration Fees, Plate Fees and Vehicle Trip Permit fees: \$24 million per year for the ODOT long-range plan, \$3 million per year for the Travel Information Council (rest area maintenance), remainder: 50% to ODOT, 30% to Counties, 20% to Cities.

ODOT Oregon Department of Transportation

ORS Oregon Revised Statutes

OSCI Oregon State Correctional Institution in Salem that houses inmates that provide basic telephone call-center support to customers on behalf of DMV through interagency agreement to support incoming calls from the public per Legislative mandate. Also see Coffee Creek Correctional Facility.

OTC Oregon Transportation Commission is the governing policy-making body of individuals appointed by the Governor to represent specific geographic areas of the state.

OTIA Oregon Transportation Investment Act (also see legislation)

Overhead The ongoing administrative expenses of a business which cannot be attributed to any specific business activity, but are still necessary for the business to function (i.e. Director, DMV administrator, rent, utilities, and insurance).

Production Groups DMV Field Service Group, Processing Service Group, Records Section, Business Regulation, and all other DMV organizations that will be allocated directly to products based on timings.

Percentage of Effort Direct expenditure allocation rate derived from percentage of hours expended on a product out of the total hours expended (essentially a ratio of hours as captured in the timings allocated to the various products).

S&S Services and Supplies

SR22/SR26 Filings ORS 801.290 and ORS 806.240 define future responsibility filings and requirements. An SR-22 provides certification by an insurance company that a person is carrying the minimum liability insurance as required under Oregon's financial responsibility laws. Driving privileges are suspended if at any time a person fails to comply with, or maintain, the SR-22 requirement. The suspension remains until the SR-22 is filed or the requirement is no longer in effect. **SR22:** A certificate from an Oregon-licensed insurance company certifying liability insurance has been purchased and meets the minimum required limits of coverage. **SR24 or Doubles:** Forms including information for both an SR22 and SR26. **SR26 or Cancels:** Financial Responsibility notice of cancellation or termination.

PS Personal Services

Sno-Park Permits ORS 811.590 requires persons who park a vehicle in a designated winter recreation parking area between November 1 and April 30 to display an ODOT Winter Recreation Permit, commonly known as a "Sno-Park" permit.

STIP The Statewide Transportation Improvement Program, known as the **STIP**, is Oregon's four-year transportation capital improvement program. It is the document that identifies the funding for, and scheduling of, transportation projects and programs. It includes projects on the federal, state, city, and county transportation systems, multimodal projects (highway, passenger rail, freight, public transit, bicycle and pedestrian), and projects in the National Parks, National Forests, and Indian tribal lands.

Supervisory Analysis Units Units within service groups whose primary purpose is to supervise or support other units within the service group. Their expenditures are distributed to the service group's units they are responsible for.

Third Party CDL Testers ORS 807.080 allows DMV to write administrative rules defining a third party testing program for CDL drive tests. This allows a certified CDL third party examiner to conduct the actual drive test in lieu of DMV conducting the drive test. The CDL third party testing program applies **only** to class A, B, or C commercial drive tests.

Timed Analysis Units DMV Units with significant hours work activity of associated activity timings. "Percentage of effort" is used to allocate timed analysis unit expenditures. Biennial hours worked by work type by unit is calculated by summing the work step time standards from the activity timings multiplied by the transaction volume for each work step.

The work-step biennial hours worked are then split to timed analysis units using information in the timings document and then summed by work type. Each work type's percentage of total unit hours worked is the "percentage of effort" for that work type. Work type percentages of effort are then used to distribute 100% of the unit expenditures to work types.

Transitional Ownership Documents (TODs) are kept on file at DMV for 90 days as an acceptable "ownership document" on a transitional basis for the purposes of perfection of a security interest while the primary ownership document (such as a title) is being obtained.

Trip Permits Trip permits allow for temporary operation of a vehicle on Oregon's public roads and highways. Trip permits are for vehicles that are not currently registered or for vehicles being used in a way not allowed under their current registration.

Untimed Analysis Units Units that provide significant work on specific products or product areas, and do not have activity timings associated with their work. Their expenditures are allocated based on the best available information on products or product areas where work was performed. For example, Driver Programs is distributed across driver products based on program area and transaction volumes.

Weighted Average Cost An average that takes into account the proportional relevance of each component, rather than treating each component equally. These weightings determine the relative importance of each quantity on the average.

Work Product Types DMV products that are produced, such as a driver license, vehicle plate, change of address, specialized vehicle license plates, suspensions of license, disabled parking placard, etc. These items may or may not have a direct fee charged to the customer, such as a license suspension or conviction entered on to a driver record.

5.2 DMV Cost of Services Advisory Committee Charter



**Oregon Department of Transportation
Driver & Motor Vehicle Services Division (DMV)
DMV FEE ADVISORY COMMITTEE CHARTER**

PURPOSE

The committee will provide counsel to the DMV Administrator on the DMV Cost study project and resulting policy proposals and recommendations.

PROJECT SUMMARY

The last comprehensive examination of the cost to provide DMV services occurred in 1999/2001. DMV is now undertaking a cost study to obtain current information on costs. An internal team has been assigned by the DMV Administrator to formulate the study methodology, perform the necessary analysis, and draft recommendations. The study team will provide recommendations on the fees needed to recover all direct and indirect costs to provide services and to identify opportunities to increase revenue to provide funding for process improvements and achieve desirable public policy outcomes.

ROLE OF ADVISORY COMMITTEE

The DMV Fee Advisory Committee is established to provide a forum for key stakeholders to provide professional review and feedback on the work developed. Technical, policy, and political elements of the cost study will be vetted through the Committee to affirm that the approach is sufficiently developed or to determine if any adjustments are required. Essentially, the Committee will affirm whether the study, and the underlying methodology, provides a persuasive and understandable case that supports the recommendations and provides the best chance to achieve policy objectives and successfully move through the legislative process.

ADVISORY COMMITTEE PROCESS

A minimum of two committee meetings are planned with the first being technically focused, to allow for review of the methodology used, (i.e. what we are doing and why) to ensure opportunities for improvement are identified before development of final analysis and recommendations. A second meeting will focus on draft recommendations and conclusions of the project, including distribution of “non-fee product” costs and proposed fee changes designed to establish fee levels based on anticipated revenue requirements, full product costs, and policy considerations. The project team will share information that provides background on DMV fee setting historical practices, including

traditional use of Driver Program fees to primarily cover costs and the impacts from the infrastructure fee increases of the past decade. Other meetings can be scheduled as required.

MEMBERSHIP EXPECTATIONS

- Review materials provided in advance and attend committee meetings on the cost analysis methodology, draft recommendations, and final cost study reports.
- Serve through the completion of the DMV Cost study and finalization of recommendations.
- Share their viewpoints or opinions respectfully, while respecting the opinions of others.
- Use discretion when sharing information from meetings and honor confidences or confidential material as designated.
- Appreciate that with several leadership levels within the organization responsible for finalization and approval of any policy recommendations or legislative concepts, the committee consensus will be provided in an advisory capacity to inform decisions, resolve issues, and advance the project.

Fee Advisory Committee meetings will be scheduled and held in Salem, Oregon. Agendas and meeting materials will be prepared and available at least one week prior to meetings.

AUTHORITY & MEMBERSHIP

This DMV Advisory Committee is formed under the authority of the DMV Administrator, whose focus on modernization of DMV programs and systems includes evaluation of the fee structure and revenue obligations.

The Committee serves on behalf of the DMV Administrator and is “advisory” in nature, since there may be numerous other issues that come up over the course of discussions, as the study results escalate through the DMV management team to other policy levels, including the ODOT Executive Team, Oregon Transportation Commission, Enterprise Leadership Team, the Governor’s Office and the public.

The designated employee study team will be responsible for setting the agenda, providing draft materials in advance, and facilitating discussions.

5.3 Willamette University Student Projects

Two student research teams from *Willamette University's* Atkinson School of Management's *Institute of Modern Government* partnered with DMV to research potential options to allow the department to implement acceptance of credit and debit cards in DMV offices and to expand DMV's online service offerings.

5.3.1 Debit / Credit Card Acceptance

Currently DMV does not accept credit or debit cards in its 60 field offices. Credit cards (Visa and MasterCard) are accepted for payment of online vehicle registration renewal only. DMV customers in the Portland and Medford areas have the option to pay with a credit card if they register their vehicle through Dept of Environmental Quality when obtaining vehicle emissions testing.

Not accepting card payments is especially problematic in DMV offices, requiring additional effort to obtain, count and maintain cash and needing to address the resulting issues when customers do not bring cash or checks to pay for transactions. To remedy this situation, DMV has contracted to have ATMs on-site in most offices and the ATMs are used by customers approximately 200,000 times per year. Customers pay the ATM vendor a \$2 fee per transaction, plus whatever fees their own banks charge.

Students were asked to evaluate the potential for expanded use of credit and debit cards at the DMV. They evaluated the technological and/or financial barriers that may exist and included research on: acceptance or use of emerging non-cash payment forms, such as "mobile wallets"; the use of a smart phone for making payments, rather than presenting "traditional" credit/debit cards; determining the benefits state agencies and customers realize with their use; and alternatives for doing business with citizens at lower income levels who may not have access to credit or debit cards. The final report included recommended options for the DMV to consider:

- DMV could implement credit/debit card acceptance through use of a third-party vendor called NICUSA.
- The service could be implemented with very low up-front costs.
- Merchant fee costs for card acceptance would be incorporated into a flat-percentage fee as part of each transaction.
- Idaho has a similar agreement and pays a 3% fee, which covers the merchant fees plus provides a profit-margin for NICUSA.
- It is suggested that the costs to DMV for this service could either be covered through a transaction surcharge to cover the 3%, or through raising the base product fees enough to cover card acceptance costs.
- The student's CBA model includes benefits to customers in terms of avoided transaction fees, time savings, etc.

- Students also researched the use of other payments systems such as smart phones. Preliminary results suggest it is too soon for DMV to make use of those systems due to the lack of customer adoption/acceptance, but bears watching.
- Based on feedback from customers, and questions raised by legislators, there is an increasing level of interest in expanding the acceptance of additional non-cash payment solutions at DMV to include services at local field offices for all types of transactions.

The student group suggested that either DMV could cover the ongoing costs, or card acceptance could be covered through either a transaction surcharge or by raising the base product fees enough to cover card acceptance costs. The students also made a case that there are benefits to customers in terms of avoided transaction fees and time savings.

5.3.2 Online Services

Today, DMV offers a limited number of services online. Current Oregon DMV online services:

- Vehicle Registration Renewal
- Submit an Address Change
- Report a Notice of Vehicle Sale
- Business Account Holders Purchase DMV Records
- General Information – such as access to forms

A student team surveyed the online offerings of other states and compiled a list of about a dozen additional services they recommend DMV to consider based on time savings and benefits to customers. These services include: individual driver records, replacement driver licenses, driver license renewals, ordering vehicle trip permits, suspended driver license reinstatements, filing accident reports, ordering replacement vehicle plates and stickers, and purchasing winter recreation (Sno-Park) permits.

The students suggested that one option is to engage a third party vendor to develop the online applications needed to offer these transactions. Benefits to DMV could include time based on automating the work, and additional capacity to provide service in field offices. In addition to cost avoidance, research suggests that customers might be willing to pay an additional surcharge to perform transactions online in lieu of visiting a DMV office. Customer benefits include savings in the costs of travel to DMV offices (fuel and other vehicle-related expenses), time savings and satisfaction with being able to avoid a trip to a DMV office.

The student team worked to “weight” the costs and benefits of additional services that could be added to DMV’s internet presence. They provided a cost-benefit analysis tool (a spreadsheet that DMV can manipulate to meet its needs) and a final project report.

WILLAMETTE STUDENT GROUP LEADERSHIP

Instructor:

Fred Thompson *Grace and Elmer Goudy Professor of Public Management and Policy Analysis, Atkinson Graduate School of Management, Willamette University; Director, Willamette Center for Governance and Public Policy Research.*

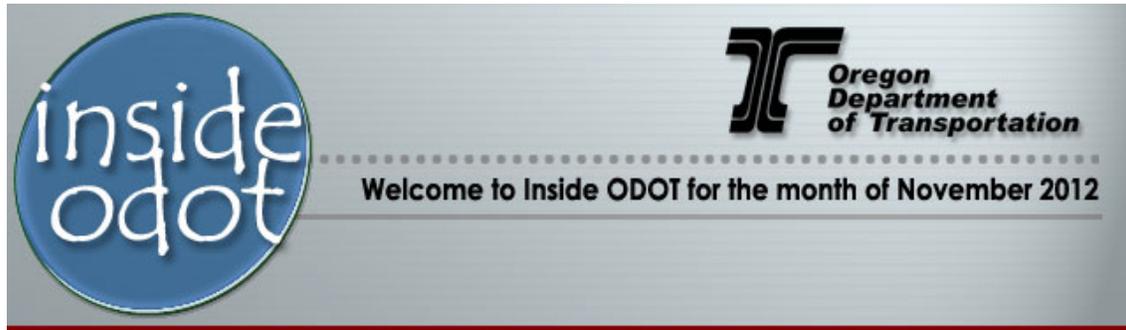
Mentors:

John Radford *Former Oregon State Controller, President and Lifetime Member, National Association of State Auditors, Comptrollers, and Treasurers (NASACT); President and Lifetime Member, National Association of State Comptrollers; Founding Officer and Past Board member, National Electronic Commerce Coordinating Council (NECCO), Founding Officer and Past Board member, Association of Government Accountability (AGA).*

Catherine Webber *Former State Senator, State Records Manager, Business Manager, Administrator, Parole Board Member, Appellate Law Clerk, Sr. Policy Advisor to Governor, IT Policy Analyst. She is also a founding member of the Certificate in Public Management program and the Institute for Modern Government.*

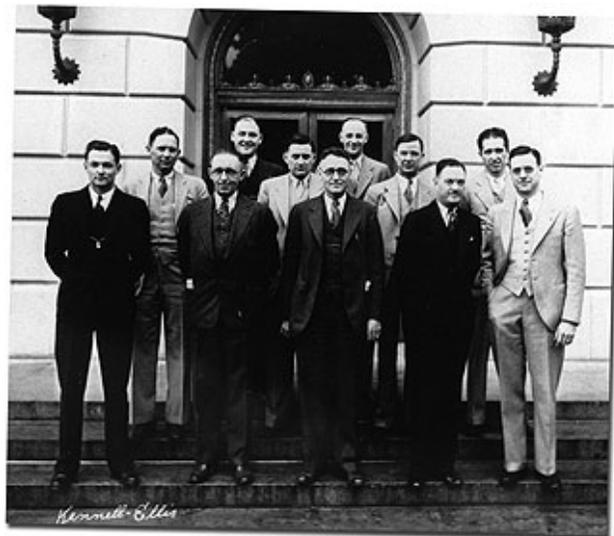
5.4 Comprehensive DMV Fee History

5.4.1 Inside ODOT (Employee Newsletter) article on DMV History



Oregon's DMV has been a leader since the beginning *There's more than 100 years of history at DMV!*

The activities of the Driver and Motor Vehicle Services Division actually pre-dates the creation of the State Highway Department in 1913. Though DMV has been part of the Oregon Department of Transportation since 1969, its core functions date back to 1905. The D in DMV stood for "department" only for about 12 years – from 1956 to 1969. But for more than half a century before that, driver licensing and motor vehicle registration and titling were part of the Oregon Secretary of State's Office.



Oregon's first driver license examiners pose outside their office in this undated photo.

Vehicles bring regulation

In 1905, the Oregon Legislature enacted the state's first motor vehicle registration law; six years after E. Henry Wemme purchased the first automobile in Oregon in 1899. It required owners to display the registration number (received after paying a one-time \$3 fee) on a leather or metal plate or to paint it on the vehicle's bumper. By 1911, with 6,428 motor vehicles registered in Oregon, the legislature enacted annual registration fees dedicated to road building.

Also in 1911, Oregon enacted its first driver licensing law, requiring a license for chauffeurs – with a minimum age of 18 years and a fee of \$2. The first chauffeur's

license went to William M. Hodson of Medford. In 1917, legislation required drivers under 15 to be accompanied by a parent, guardian or vehicle owner. Oregon raised that minimum age to 16 in 1919.

In 1920, Oregon enacted its first driver licensing requirement, saying you must:

- Sign a statement certifying five days of driving experience;
- Be at least 16 years old; and
- Pay a 25-cent fee. The license was valid for life.

Starting in 1921, automobile dealers were required to register and post bonds. Auto dealer licensing has remained part of the agency to the present day. By 1925 there were 219,100 motor vehicles registered in Oregon, and the state enacted its first vehicle titling law.

Testing, dates, WWII affect services

In 1931, Oregon began requiring new applicants for driver licenses to pass a drive test and a vision screening, and also began phasing out lifelong driver licenses. Then, the 1935 fire that destroyed the state Capitol delayed more than 375,000 driver license renewals. With completion of the new Capitol in 1938, motor vehicle records returned to the building, and normal service resumed – for a while.

World War II disrupted both driver license and vehicle registration renewal in Oregon. To help ease metal shortages, Oregon suspended its requirement to replace the entire license plate each year and instead issued windshield stickers to validate 1942 plates from 1943 to 1945. The state twice extended driver license renewals to two years instead of one – in 1943 and again in 1945 – due in large part to the wartime shortage of employees.

Oregon resumed annual issuance of new license plates in 1946 and soon switched to aluminum to prevent rust and save on postage costs.

Oregon creates more “firsts”

Oregon adopted the nation’s first staggered expiration dates for driver licenses in 1946. In 1950, Oregon became the first state to enact a staggered registration system for passenger vehicles and pickups. The state began to issue permanent license plates: rather than requiring an entire new plate at registration renewal every year, Oregon issued metal tabs to attach to the plate.

The 1955 Legislature separated driver licensing and motor vehicle registration from the Secretary of State’s Office, creating the Department of Motor Vehicles as of 1956. The DMV acronym – common across the states – originated in Oregon with this act and continues to be used today.

One million mark ushers in new era

With the number of registered vehicles approaching one million by the late 1950s, DMV required more office space. In 1959, DMV Headquarters moved from the Capitol Mall area to its current location at 1905 Lana Ave. NE, formerly a grocery store. The increase in vehicle ownership also helped bring about the 1965 Implied Consent Law. Under this law, upon receiving a driver license, drivers are presumed to imply consent to a breath test for blood-alcohol content. Refusal to take a breath test led to automatic driver license suspension.

In 1966, DMV converted its paper driver license files to a mainframe computer system. Though DMV has made many updates to the equipment and software since then, the vestiges of this early programming continue to operate today.

DMV began issuing identification cards in 1973. Like driver licenses, they were valid for two years, until the renewal cycle for both increased to four years starting in 1975 and to eight years in 2000. Also in 1975, DMV started using color photos and in 1979, introduced automated testing devices. Oregon's mandatory liability insurance law also took effect and that meant DMV required proof of insurance to title and register motor vehicles.

Services, options, regulations added

In 1988, today's standard "tree" license plate became Oregon's first graphic plate. Since then, all new specialty plates and group plates contain a graphic or decal reflecting its sponsoring organization or cause.

Starting in 2003, Oregon began to phase-in its Medically At-Risk Driver Program, which requires physicians to report impairments to DMV if they affect a person's ability to drive. Also in 2003, a pilot program allowing vehicle dealers to electronically title and register cars, and even provide license plates to their customers, became available statewide. About the same time, DMV launched online registration renewal for vehicle owners, allowing them to pay for their new stickers through DMV's website.

Then, the 2008 Oregon Legislature passed a law requiring DMV to verify Social Security numbers as well as proof of lawful presence in the United States. And that same year, DMV implemented an electronic facial-recognition system to help prevent identity theft and fraud.

ODOT's 100th a chance to celebrate DMV's unique contributions

In 2012, based on the hard work of our colleagues at DMV, Oregon has:

- Just over 3 million residents with driving privileges;
- 3.2 million registered passenger vehicles;
- Nearly 1 million other types of registered vehicles, such as commercial trucks and trailers, travel trailers, motorcycles and motor homes

And, in providing service to Oregonians and travelers in our state, the DMV team:

- Electronically verifies license and ID card applicants' Social Security number, immigration documents, and suspension or revocation status in other states;
- Licenses about 2,000 auto dealers to sell motor vehicles;
- Receives more than 70 million electronic record inquiries each year from law enforcement; and
- Fulfills about 3 million record requests each year from auto insurers, government agencies and other organizations.

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- Licenses about 2,000 auto dealers to sell motor vehicles;
- Receives more than 70 million electronic record inquiries each year from law enforcement; and
- Fulfills about 3 million record requests each year from auto insurers, government agencies and other organizations.

In 2013, based on the passage of recent legislation, in particular, DMV is working to enact SB 388 which is to provide a Driver Card for persons who cannot provide proof of legal presence in the United States. Other legislation is also being implemented, such as the acceptance of proof of insurance available to view through a Smart Phone application.

Chronology of Milestones

1899 First automobile arrived in Oregon.

1905 First vehicle registration law enacted by State Legislature: A one-time, \$3 fee dedicated to roads.

1911 First annual vehicle license renewal began. Revenue placed in General Fund and dedicated to road building and maintenance.

1913 State Highway Department created by the State Legislature to “bring Oregon out of the mud.” Only 25 miles of paved roads in the entire state.

1919 Oregon enacts nation's first gasoline tax of one cent per gallon. Other states (such as Colorado and New Mexico) soon follow Oregon's lead. \$342,000 raised the first year.

1920 First driver licensing law enacted. Five day's driving experience and 25-cent fee required. License was valid for life. Minimum age for a license was 16 years. First DMV branch office opened in Portland.

1921 Gas tax raised from one to two cents by Oregon Legislature.

1922 Driver license fee raised to \$1.

1923 Gas tax raised to three cents a gallon by the legislature. Pacific Highway completed. Oregon was first state west of Mississippi to have a paved highway the entire length of the state.

1925 First vehicle titling law enacted. Cost is \$1.

1930 Gasoline tax increased from three to four cents per gallon.

1931 Driver's license applicants required to pass vision and law tests. Fee is \$1.

1932 Gasoline tax adopted by Federal Government as a way to raise money for roads, thirteen years after Oregon had adopted this idea.

1933 Flat registration fee of \$5 on all private passenger cars established; a weight/mile tax imposed on commercial vehicles, based on loaded weight of vehicle and number of miles traveled per year. Driver license renewal fees raised from fifty cents to \$1. Gasoline tax increased from four to five cents per gallon.

1934 Federal government required states to spend at least one percent of federal aid for landscaping and roadside planting work.

1942 Oregon Constitution amended to create the Highway Trust Fund and dedicated road user fees for Highway Department, State Police and State Parks activities only. There was a growing fear that the fund would be raided for purposes not related to the law, especially during wartime.

1943 Fees for original renewal driving licenses lowered to \$1.25. Cities first shared in the distribution of collected gasoline taxes. Previously, only counties received a portion of the money collected. Cities' share established at 5 percent.

1947 Counties allocation from the state highway fund increased to 19% by the legislature. City allocation increased to 10 percent. First weight-mile tax instituted based on gross weight and distance traveled.

1949 Gasoline tax raised from five cents to six cents a gallon; registration fee for automobiles increased from \$5 to \$10 per vehicle.

1963 1,029,943 registered motor vehicles in Oregon, the first time the million mark had been broken.

1967 Gasoline tax raised from six to seven cents a gallon, the first raise in 18 years. County apportionment increased to 20 percent and city apportionment increased to 12 percent.

1973 Basic driver license fee increased from \$1 to \$2—the first fee increase for licenses since 1922. Vehicle registration for passenger vehicles, motorcycles, campers, travel trailers, motor homes and light trailers changed to two-year cycle; passenger vehicles cost \$20 for two years.

1979 Title transfer fee increased from \$2 to \$7; Motorcycle endorsement fees increased to \$7. County apportionment of gas tax increased to 20.07% with city apportionment increased to 12.17% to make up for revenue loss due to repeal of fuel tax refunds to counties and cities.

1981 Gas tax increased from 7 cents to 8 cents per gallon; weight-mile tax adjusted proportionately.

1983 Original driver license fee increased from \$10 to \$15.

1984 Gas tax increased to 9 cents per gallon; weight-mile tax adjusted proportionately.

1985 Gasoline tax increased to 10 cents per gallon; weight-mile tax adjusted proportionately.

1986 Gas tax increased to 11 cents per gallon; weight-mile tax adjusted proportionately.

1987 Driver license fees increased, with instruction permits from \$11 to \$13; driver license renewal from \$13 to \$15; and 10 card renewals from \$7 to \$10. Gasoline tax increased to 12 cents per gallon.

1988 Gasoline tax increased to 14 cents per gallon; weight-mile tax adjusted proportionately.

1989 Gasoline tax increased to 16 cents per gallon; weight-mile tax adjusted proportionately. Oregon was the first to pass this type of anti-diversion law

1991 Gasoline tax increased to 20 cents per gallon; weight-mile tax adjusted proportionately. Total vehicles registered in Oregon break the three million mark (3,010,439).

1992 State gasoline tax increased to 22 cents per gallon; weight-mile tax adjusted proportionately.

1993 State gasoline tax increased to 24 cents per gallon; weight-mile tax adjusted proportionately.

2001–04 Driver license and vehicle registration fees increased to fund the \$3 billion Oregon Transportation Investment Act known as the OTIA Program—the largest infrastructure investment in Oregon since right after World War II. Car registration (2-year period) increases to \$54. Titles, transfers and duplicate titles each increase to \$55. (The registration fee for a typical semi-trailer truck weighing 80,000 lbs. increases to \$490 and the weight mile tax for the same vehicle increases 10 percent.)

2009 Jobs and Transportation Act raises driver license and vehicle registration fees; sets date for raising fuels taxes; creates stable funding base of \$300 million/year for city, county and state transportation infrastructure projects.

2011 State gasoline tax increased to 30 cents per gallon; weight-mile tax adjusted proportionately.

5.4.2 DMV Fee History 1991 – 2011 (Table 8)

Italicized text indicates averages of variable fees. = shaded cells indicate fee changes.

Description	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
DRIVER											
Class C Driver License Original**	\$ 20	\$ 20	\$ 20	\$ 20	\$ 40	\$ 48.50	\$ 48.50	\$ 48.50	\$ 48.50	\$ 54	\$ 54
<i>Class C Driver License Original (per year)</i>	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 6.06	\$ 6.06	\$ 6.06	\$ 6.06	\$ 6.75	\$ 6.75
Class C Driver License Renewal**	\$ 10	\$ 10	\$ 10	\$ 10	\$ 20	\$ 28.50	\$ 28.50	\$ 28.50	\$ 28.50	\$ 34	\$ 34
<i>Class C Driver License Renewal (per year)</i>	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.56	\$ 4.25	\$ 4.25
CDL Original (in addition to Class C base Fees)	\$ 25	\$ 25	\$ 25	\$ 25	\$ 50	\$ 50	\$ 70	\$ 70	\$ 70	\$ 75.50	\$ 75.50
<i>CDL Original (per year)</i>	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 8.75	\$ 8.75	\$ 8.75	\$ 9.44	\$ 9.44
CDL Renewal**	\$ 14	\$ 14	\$ 14	\$ 14	\$ 28	\$ 36.50	\$ 50	\$ 50	\$ 50	\$ 55.50	\$ 55.50
<i>CDL Renewal (per year)</i>	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 4.56	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.94	\$ 6.94
**Student Driver Training Fund (SDTF) Fee (add to DL base Fees)	\$ 2	\$ 2	\$ 2	\$ 2	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6
Instruction (Learner's) Permit Issuance: Class C, CDL, Motorcycle	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 18	\$ 18	\$ 18	\$ 23.50	\$ 23.50
Replacement Driver License/Permit	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 21	\$ 21	\$ 21	\$ 21	\$ 26.50	\$ 26.50
Farm Endorsement	\$ 13	\$ 13	\$ 13	\$ 13	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26
Motorcycle Endorsement	\$ 23	\$ 23	\$ 23	\$ 23	\$ 46	\$ 46	\$ 46	\$ 46	\$ 46	\$ 46	\$ 46

Italicized text indicates averages of variable fees. = shaded cells indicate fee changes.

Description	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
Motorcycle Safety Subaccount Fee: Original Motorcycle Endorsement	\$ 7	\$ 7	\$ 7	\$ 14	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 38	\$ 38
Motorcycle Safety Subaccount Fee: Renewal of MC-endorsed DL	\$ 7	\$ 7	\$ 7	\$ 14	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28
^Biometrics Data Collection Fee (Farm/Motorcycle only)	-	-	-	-	-	-	-	-	\$ 3	\$ 3	\$ 3
Hardship/Probationary Permit	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Reinstatement Fee	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75
CDL Knowledge Test (Most Types)	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
CDL Airbrake Restriction Removal Test	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56
CDL Combination Test	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CDL Skills (Drive) Test	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 70	\$ 70	\$ 70	\$ 70	\$ 70
Class C Knowledge (Written/ATD) Test	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
Class C Skills (Driving) Test	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9
Identification Card Original	\$ 13	\$ 13	\$ 13	\$ 13	\$ 26	\$ 26	\$ 29	\$ 29	\$ 29	\$ 44.50	\$ 44.50
<i>Identification Card Original (per year)</i>	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.63	\$ 3.63	\$ 3.63	\$ 5.56	\$ 5.56
Identification Card Renewal	\$ 11	\$ 11	\$ 11	\$ 11	\$ 22	\$ 22	\$ 25	\$ 25	\$ 25	\$ 40.50	\$ 40.50
<i>Identification Card Renewal (per year)</i>	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 3.13	\$ 3.13	\$ 3.13	\$ 5.06	\$ 5.06

Italicized text indicates averages of variable fees. = shaded cells indicate fee changes.

Description	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
VEHICLE											
Title, Issuance - Light Vehicle, Motor Home, Light Trailer	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 30	\$ 55	\$ 55	\$ 55	\$ 77	\$ 77
Title, Transfer - Light Vehicle, Motor Home, Light Trailer	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 30	\$ 55	\$ 55	\$ 55	\$ 77	\$ 77
Title, Duplicate - Light Vehicle, Motor Home, Light Trailer	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 30	\$ 55	\$ 55	\$ 55	\$ 77	\$ 77
Title Transfer & Duplicate - Light Vehicle, Motor Home, Light Trailer	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 60	\$ 110	\$ 110	\$ 110	\$ 77	\$ 77
Title, Issuance - Heavy Vehicle, Heavy Permanent Trailer	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90
Title, Transfer - Heavy Vehicle, Heavy Permanent Trailer	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90
Title, Duplicate - Heavy Vehicle, Heavy Permanent Trailer	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90
Title Transfer & Duplicate - Heavy Vehicle, Heavy Permanent Trailer	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 180	\$ 180	\$ 180	\$ 180	\$ 90	\$ 90
Title, Issuance - Salvage	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 17	\$ 17	\$ 17	\$ 17	\$ 27	\$ 27
Title, Transfer - Salvage	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 17	\$ 17	\$ 17	\$ 17	\$ 27	\$ 27
Title, Duplicate - Salvage	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 17	\$ 17	\$ 17	\$ 17	\$ 27	\$ 27

Italicized text indicates averages of variable fees. = shaded cells indicate fee changes.

Description	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
Title Transfer & Duplicate - Salvage	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 34	\$ 34	\$ 34	\$ 34	\$ 27	\$ 27
Tiles - Late Transfer Penalty (Day 31-60)	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Tiles - Late Transfer Penalty (Day 61+)	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
<i>Title - Late Transfers (average)</i>	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41	\$ 41
Registration - Passenger & Light. Trailer (per year)	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 27	\$ 27	\$ 27	\$ 43	\$ 43
Reg. Moped, Motorcycle (per year)	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 15	\$ 15	\$ 15	\$ 24	\$ 24
Reg. Weight Vehicles > 8000 lbs: Truck, Bus, etc. (per year)	\$15 to \$415	\$27 to \$636	\$27 to \$636	\$27 to \$636	\$55 to \$1295	\$55 to \$1295					
<i>Reg. Weight Vehicles > 8000 lbs: Truck, Bus, etc. (Average)</i>	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 218	\$ 218	\$ 218	\$ 392	\$ 392
Registration Weight Vehicles > 8000 lbs: Charitable Org.	\$50 to \$415	\$50 to \$415									
<i>Registration Weight Vehicles > 8000 lbs: Charitable Org. (Average)</i>	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84
Registration Weight Vehicles > 8000 lbs: Manuf. Structure Transport	\$50 to \$415	\$102 to \$845	\$102 to \$845								
<i>Registration Weight Vehicles > 8000 lbs: Manufactured. Structure Trans (Average)</i>	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 221	\$ 221

Italicized text indicates averages of variable fees. = shaded cells indicate fee changes.

Description	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
Reg. Trailer, Heavy (+8000 lbs.)	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Registration Fixed Loads 0 - 3000 lbs.	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54
Registration Fixed Loads 3001 lbs. +	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75
Registration Travel Trailer, Camper (6-10 ft.)	\$ 36	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 81	\$ 81	\$ 81	\$ 81	\$ 81
Registration Travel Trailer, Camper (over 10 ft.)	\$36+\$3/ft	\$54+\$ 4.50/ft	\$4+\$4.50/ft	\$4+\$4.50/ft	\$4+\$4.50/ft	\$4+\$4.50/ft	\$81+\$6.75/ft	\$81+\$6.75/ft	\$81+\$6.75/ft	\$81+\$6.75/ft	\$81+\$6.75/ft
<i>Registration ALL Travel Trailers & Campers (Average)</i>	\$ 70	\$ 106	\$ 106	\$ 106	\$ 106	\$ 106	\$ 166	\$ 166	\$ 166	\$ 166	\$ 166
Registration Motor Home (6-14 ft.)	\$ 56	\$ 84	\$ 84	\$ 84	\$ 84	\$ 84	\$ 126	\$ 126	\$ 54	\$ 54	\$ 54
Registration Motor Home (over 14 ft.)	\$56+\$3/ft	\$84+\$ 5/ft	\$84+\$5/ft	\$84+\$5/ft	\$84+\$5/ft	\$84+\$5/ft	\$126+\$7.50/ft	\$126+\$7.50/ft	\$126+\$7.50/ft	\$126+\$7.50/ft	\$126+\$7.50/ft
<i>Registration ALL Motor Homes (Average)</i>	\$ 113	\$ 171	\$ 171	\$ 171	\$ 171	\$ 171	\$ 260	\$ 260	\$ 264	\$ 264	\$ 264
Registration Trailer, Special Use (6-10 ft.)	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54
Registration Trailer, Special Use (over 10 ft.)	\$30+\$3/ft	\$30+\$3/ft	\$30+\$3/ft	\$30+\$3/ft	\$30+\$3/ft	\$30+\$3/ft	\$54+\$3/ft	\$54+\$3/ft	\$54+\$3/ft	\$54+\$3/ft	\$54+\$3/ft
<i>Registration. Special Use Trailers (ALL)</i>	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 95	\$ 95	\$ 95	\$ 95	\$ 95
Registration Farm Vehicles (based on weight)	\$15 to \$385	\$15 to \$385	\$15 to \$385	\$15 to \$385	\$15 to \$385	\$15 to \$385	\$27 to \$385	\$27 to \$385	\$27 to \$385	\$35 to \$585	\$35 to \$585
<i>Registration Farm Vehicles (based on weight) (Average)</i>	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 87	\$ 99	\$ 99	\$ 99	\$ 149	\$ 149

Italicized text indicates averages of variable fees. = shaded cells indicate fee changes.

Description	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
Plate Fee (was "Plate Manufacturing Fee")	1.50/single, \$2.50/pair	\$1.50/single, \$2.50/pair	1.50/single, \$2.50/pair	2.00/single, \$3.00/pair	\$2.00/single, \$3.00/pair	\$2.00/single, \$3.00/pair	\$3.00/single, \$5.00/pair	\$3.00/single, \$5.00/pair	\$3.00/single, \$5.00/pair	\$12.00/single, \$23.00/pair	\$12.00/single, \$24.00/pair
<i>Plate Fee (was "Plate Manufacturing Fee") (Average)</i>	\$ 2.37	\$ 2.37	\$ 2.37	\$ 2.87	\$ 2.87	\$ 2.87	\$ 4.74	\$ 4.74	\$ 4.74	\$ 21.71	\$ 22.42
Plate - Replacement (including Custom)	\$ 11	\$ 11	\$ 11	\$ 11	\$5 at renew, \$10 otherwise	\$5 at renew, \$10 otherwise					
Plate Transfer Fee	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6
Plate - Custom Fees (per year)	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 50	\$ 50
Registration Sticker Replacement - Month and Year	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Transitional Ownership Document	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13
Vehicle Inspection Number (VIN) Inspection	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 7	\$ 7	\$ 7	\$ 7	\$ 7
Trip Permit - Heavy Motor Vehicle	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 43	\$ 43
Trip Permit - Heavy Trailer	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Trip Permit- Light Vehicle	\$5 to \$40	\$5 to \$40	\$5 to \$40	\$5 to \$40	\$5 to \$40	\$ 20	\$ 20	\$ 20	\$ 20	\$ 30	\$ 30
Trip Permit – Recreational Vehicle	\$ -	\$ -	\$ -	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
Trip Permit - Registration Weight	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
Trip Permit – Registered Vehicle	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 7.50	\$ 7.50
Trip Permit - Dealer-issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 10	\$ 10	\$ 15	\$ 15
<i>Trip Permits (ALL)</i>	----	----	----	\$ 12.86	\$ 12.86	\$ 21.00	\$ 20.27	\$ 20.27	\$ 20.27	\$ 29.67	\$ 29.67

Italicized text indicates averages of variable fees. = shaded cells indicate fee changes.

Description	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
Tow Business Certificates	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17
Winter Recreation (Sno-Park) 1-day permit	\$ 1.50	\$ 1.50	\$ 1.50	\$ 2	\$ 2	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
Winter Recreation (Sno-Park) 3-day permit	\$ -	\$ 2.50	\$ 2.50	\$ 3.50	\$ 7	\$ 7	\$ 7	\$ 7	\$ 7	\$ 7	\$ 7
Winter Recreation (Sno-Park) Annual permit	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 15	\$ 15	\$ 15	\$ 20	\$ 20	\$ 20
<i>Winter Recreation (Sno-Park) Permits (ALL)</i>	----	----	----	----	----	----	----	----	\$ 9.37	\$ 9.37	\$ 9.37

BUSINESS REGULATION											
Appraiser Certificate, Vehicle - Original	\$ 7	\$ 7	\$ 7	\$ 7	\$ 7	\$ 50	\$ 50	\$ 50	\$ 75	\$ 75	\$ 75
Appraiser Certificate, Vehicle - Renewal	\$ 7	\$ 7	\$ 7	\$ 7	\$ 7	\$ 50	\$ 50	\$ 50	\$ 75	\$ 75	\$ 75
<i>Appraiser Certificate (Total)</i>	\$ 7	\$ 7	\$ 7	\$ 7	\$ 7	\$ 50	\$ 50	\$ 50	\$ 75	\$ 75	\$ 75
Commercial Driver Training School Certificate	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Dealer Certificate, Vehicles - Original/Renewal (primary location)	\$ 95	\$ 95	\$ 95	\$ 95	\$ 285	\$ 958	\$ 958	\$ 958	\$ 958	\$ 958	\$ 958
Dealer Certificate, Vehicles - Original/Renewal Supplemental location	\$ 30	\$ 30	\$ 30	\$ 30	\$ 90	\$ 230	\$ 230	\$ 230	\$ 230	\$ 230	\$ 230

Italicized text indicates averages of variable fees. = shaded cells indicate fee changes.

Description	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
Dealer Certificate - Correction (per correction)	\$ -	\$ -	\$ -	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
Dealer Certificate - Enforcement Compliance Fee	\$ 14	\$ 14	\$ 14	\$ 14	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42
Dismantler (formerly called "Wrecker") Certificate - Original/Renewal	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 150	\$ 150	\$ 450	\$ 450	\$ 450	\$ 450
Dismantler (formerly called "Wrecker") Certificate - Suppl. Location	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90	\$ 90	\$ 90	\$ 90
Dismantler (formerly called "Wrecker") Certificate - Duplicate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 30	\$ 30	\$ 30
Driver Training Instructor Certificate - Original/Renewal	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Vehicle Transporter Certificate - Original/Renewal	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150
RV Show License – Accepted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32	\$ 32	\$ 32	\$ 32	\$ 32
RV Show License – Denied	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
<i>RV Show License (ALL)</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32	\$ 32	\$ 32	\$ 32	\$ 32
Dealer License Plate Fee - First Plate (original)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Italicized text indicates averages of variable fees. = shaded cells indicate fee changes.

Description	1991	1993	1995	1997	1999	2001	2003	2005	2007	2009	2011
Dealer License Plate Replacement Fee	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 22
Dealer License Plate Replacement Fee (Motorcycle, Moped, Snowmobile)	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 15
Dealer License Plate Fee - Additional Plates	\$ 10	\$ 10	\$ 10	\$ 10	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 54
Dealer License Plate Fee - Additional Plates (Motorcycle, , Moped, Snowmobile)	\$ 3	\$ 3	\$ 3	\$ 3	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 21
Dealer License Plate Fee - Plate Renewals	\$ -	\$ -	\$ -	\$ -	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42
Dealer License Plate Fee - Plates Renew (Motorcycle, Moped, Snowmobile)	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9
<i>Dealer License Plate Fees (Total)</i>	----	----	----	----	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 36	\$ 45
Vehicle Transporter Plate Fee	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5

Examples of Fees & Surcharges Not listed Above

Records Fees, Group Plate Fees, Limited-Term Driver License Fees, Records Fees, Multnomah County Surcharges, Secure Power of Attorney Filing Fees, Title Expedite Service Fee, Vehicle Code Books

*Note: Per the Bureau of Labor Statistics, \$1.71 in 2013 is equivalent to \$1 in buying power in 1991 - suggests that fees increased less than 71% did not keep pace with the overall Consumer Price Index *italicized text represents averages based on tables or multiple fee types*

5.5 2009/2011 ODOT-DMV Central Services Assessment

2009 - 2011 DMV ODOT Central Services Assessment	
State Government Service Charge (DAS services, State Library, etc.)	\$ 592,646
ODOT Director's Office, Communications, Government Relations Office, Civil Rights	\$ 2,361,423
Central Services Deputy Director, Audit Branch	\$ 509,594
ODOT Admin Rule Coordinator	\$ 62,019
ODOT Admin Rule Coordinator*	\$ 2,129
ODOT Financial Services	\$ 3,520,072
Cost Responsibility Study	\$ 264,868
ODOT Human Resources	\$ 2,566,211
ODOT Business Services	\$ 587,272
ODOT Procurement	\$ 225,027
ODOT Procurement*	\$ 61,076
Reprographics and Photo/Video	\$ 99,003
Reprographics and Photo/Video*	\$ 34,998
Support Services Branch Mgt	\$ 31,444
Information Systems Branch (ISB) - Application Development*	\$ 1,057,154
ISB - DMV Application Development	\$ 8,924,917
ISB - Branch Management	\$ 1,578,343
ISB - DAS Enterprise Technology Services (ETS) CPU	\$ 9,328,677
ISB - ETS CPU*	\$ 221,526
ISB - ETS Disk Usage	\$ 2,445,948
ISB - ETS Disk Usage*	\$ 1,169,747
ISB - ETS Page Lines (Printing)	\$ 673,536
ISB - ETS Page Lines (Printing)*	\$ 19,157
ISB - ETS Network Costs	\$ 3,163,119
ISB - ETS Network Costs*	\$ 632,903
ISB - Field Services (IT support)	\$ 557,129
ISB - Field Services (IT support)*	\$ 720,433
ISB - ETS E-Government Office	\$ 242,948
ISB - ETS E-Government Office*	\$ 48,611
ISB - Help Desk*	\$ 86,133
ISB - DMV Help Desk	\$ 1,314,049
Total 09/11 Central Services Assessment	\$43,102,112

* Distribution of Central Services costs to remaining divisions.

Table 9: 2009/2011 ODOT-DMV Central Services Assessment

5.6 Forecasted DMV Revenue Transfers

2013/15 Governor's Balanced Budget ~ ODOT-DMV Revenue Transfers

Transfer to:	Total	Purpose
ODOT		
Highway Fund	\$ 155,141,621	State share of Highway Fund revenue
Sno-Park Program	\$ 2,446,314	Sno-Park permit revenue
Transportation Safety Division	\$ 10,191,132	Student Driver Training & Motorcycle Safety
Public Transit ODOT Central Services	\$ 3,890,650	ID Card Revenue
Rail Transportation Debt Service	\$ 54,103,603	Central Services Assessment
	\$ 6,821,746	Custom Plates Revenue
	<u>\$ 143,533,451</u>	ODOT Debt Service
ODOT Total:	\$ 373,682,203	
Transfer to:	Total	Purpose
Outside Entities		
To Cities	\$ 66,518,266	Highway Fund Revenue Distribution HF Distribution & Multnomah County Reg. Fee
To Counties	\$ 87,090,014	
Oregon Cultural Trust	\$ 714,821	Special Plates Revenue
Department of Veterans Affairs	\$ 117,332	Special Plates Revenue
Parks & Recreation Department	\$ 32,503,857	Special Plates Revenue; Recreation Vehicles
Watershed Enhancement Board	\$ 507,238	Special Plates Revenue
Other & Travel Info Council (OTE)	\$ 14,569,199	Special Group Plates, Rest Area Maintenance
	<u>\$ 202,020,727</u>	
Outside Entities Total:	\$ 202,020,727	
Total Transfers:	\$ 575,702,930	

Table 10: Forecasted DMV Revenue Transfers

5.7 Revenue Needs

5.7.1 Introduction

In addition to promoting driver safety and overseeing vehicle ownership interests, collecting revenue is a significant component of DMV's mission. The 2011/13 Legislatively Approved Budget states that "*the bulk of the Department's revenues originate from motor fuel taxes, weight-mile taxes, vehicle taxes, and driver fees that are constitutionally dedicated and bond revenue that is supported by increases in licenses and fees. The forecasted revenue from all sources [including bonds] is \$5.08 billion for 2011/13.*" ODOT forecasted that DMV will collect \$676 million (13.3%) of the total.

This illustrates the importance of ensuring the costs of products and services provided by DMV are recovered by fees, since failure of fees to achieve cost recovery undermines the flow of revenue relied on by ODOT for highway work and by county and municipal road authorities. The age of Oregon's transportation system features, including pavement, bridges, culverts, signals, lighting and other issues related to deteriorating condition, seismic vulnerability, failure to meet current capacity needs, and emergency work to address landslides and rock falls contribute to the growing revenue need.

In fact, the overall need to preserve and modernize Oregon highways and transportation infrastructure is continuous. The demand for revenue to fund the state's transportation system has never been greater.

The Oregon Transportation Commission (OTC) adopted the *Oregon Transportation Plan* at its September 2006 meeting. The plan anticipated that by the year 2030:

- Oregon's population would grow 41%.
- Freight transportation is expected to increase 80%
- Uncertain oil production will cause fuel prices to increase
- Fuel taxes—the traditional means of funding the aviation, highway and roadway systems—will lose 40-50 percent of their purchasing power, due to improving fuel economy and a lack of indexing rates to inflation

Today, ODOT's ability to preserve existing infrastructure, meet increasing transportation demands, and expand the access to transportation alternatives at serious risk as the projected incoming flow of highway fund revenue falls far short of meeting these growing demands.

A chart depicting the status of various revenue streams relied upon within ODOT from year 2000 to projected 2023 is included below. A second chart depicting DMV revenues and FTE from 1999 through 2015 also follows:

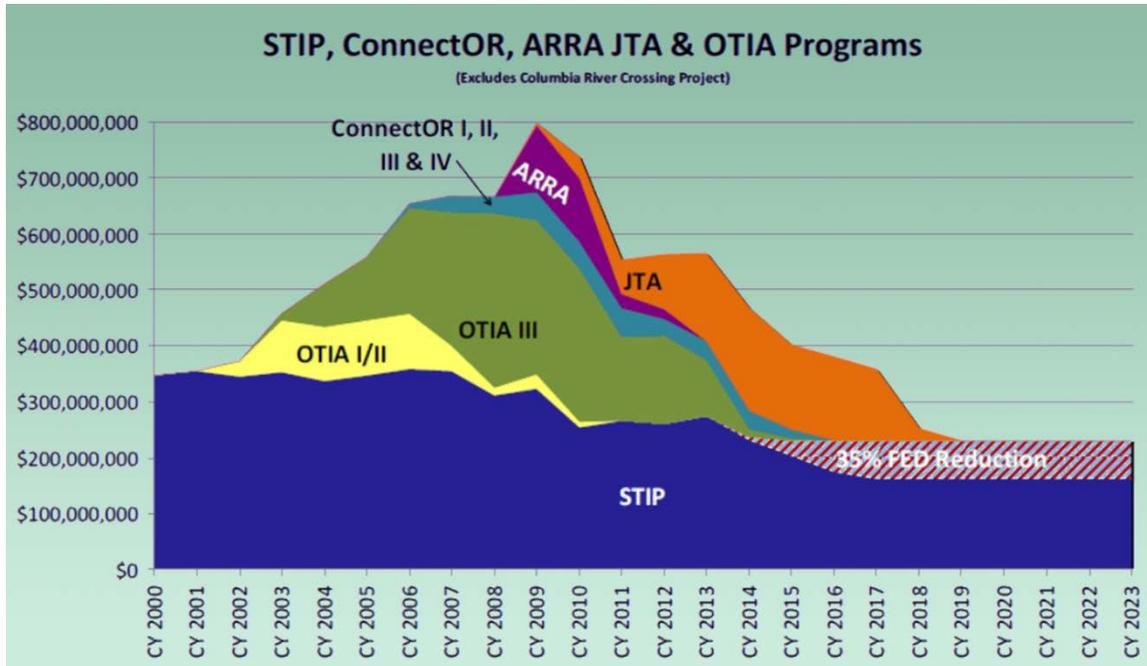
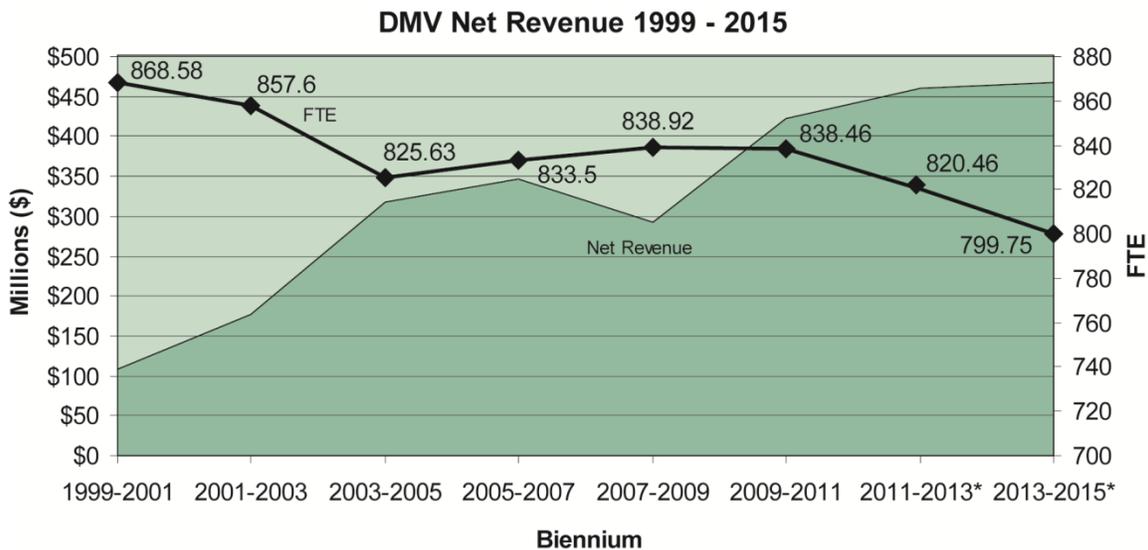


Figure 12: STIP, ConnectOR ARRA, JTA, and OTIA Programs



Note: *Revenue for the last six months of FY 2013 and 2013/15 is based on forecasts.

Figure 13: DMV Net Revenue and FTE 1999-2015

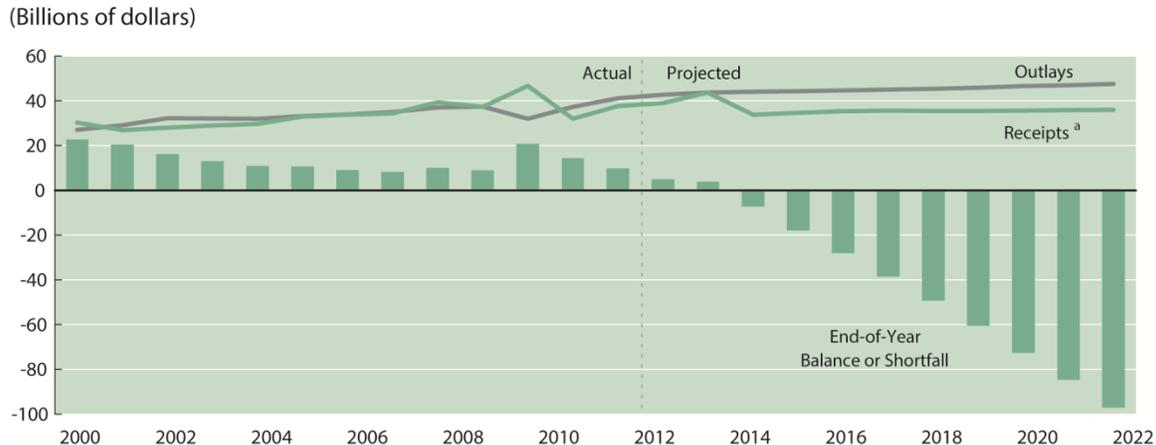
5.7.2 Factors Contributing to Revenue Shortfalls

Several factors contribute to the gap between Oregon’s highway fund balances and expanding revenue needs:

Decline of the Federal Highway Trust Fund – In 1952, Congress passed the *Highway Revenue Act* establishing the Highway Trust Fund. The fund was created to finance improvements on primary, secondary, urban and interstate highway systems. The Trust Fund was to be supported by highway-use taxes and fees on items such as: excise taxes on motor vehicles, tires, tubes, tread rubber, parts and accessories, motor fuel, and lubricating oil, along with motor vehicle-use taxes. Prior to the establishment of the Highway Trust Fund, road construction and improvements on the national level were financed directly from the General Fund of the U.S. Treasury.

In 1932, the first federal fuel tax of one cent per gallon was adopted at a time when the average cost of gas was ten cents per gallon. Collected funds were deposited in the U.S. Treasury General Fund. These funds were not dedicated to transportation purposes but were used to help offset sagging general revenues due to the Great Depression. For the first time, The *Federal Interstate System Act* (1956) directed that the federal fuel tax was to be used exclusively for highway construction and maintenance, raising the federal gas tax from two to three cents per gallon.

Receipts, Outlays, and Balances of the Highway Account



Source: Congressional Budget Office.

Note: Estimates are based on CBO’s May 2013 baseline projections.

Figure 14: Receipts, Outlays & Balances of the Federal Highway Account

The last time the federal fuel tax rate was increased was in 1993, when rates were set at 18.4 cents per gallon on gasoline and ethanol-blended fuels and 24.4 cents per gallon on diesel fuels. Due to improving fuel economy and a failure to index the fund to price inflation, the Highway Trust Fund is in peril. Since 2008, Congress authorized the transfer of nearly \$41 billion from the General Fund of the U.S. Treasury to keep the trust fund solvent.

In 2013, the Congressional Budget Office (CBO) authorized an additional transfer of \$12.6 billion for 2014. To avert a massive shortfall, the CBO reported in April 2013 that Congress will either have to cut highway spending sharply, transfer \$14 billion from the U.S. Treasury's general fund, increase the federal fuel tax by about ten cents a gallon, or some combination of these measures to keep the fund solvent during fiscal year 2015.

The decline in vehicle miles traveled by Americans has impacted the viability of the Highway Trust Fund due to high unemployment, rising fuel prices, and the use of public transit and other modes of transportation. Other contributing factors are the increasing fuel efficiency of vehicles and greater use of electric and hybrid vehicles.

Decline of the Oregon State Gas Tax Fund – In 1919, Oregon became the first state to enact an excise tax on gasoline. Within ten years, every state had followed Oregon's lead. Similar to the history of federal fuel tax rates, Oregon's state fuel tax rates have not kept pace with increasing costs and overall revenue needs. Oregon's gas tax was raised from 24 cents per gallon to 30 cents per gallon as part of the Jobs & Transportation Act (JTA) in 2009, which became effective in 2011. This legislation also identified 37 specific highway projects to be funded by these tax increases. Prior to the JTA, the last changes to the gas tax were made in 1993 to address general transportation system needs.

Over the last decade, construction costs for projects and materials have surged. In 2010, costs were nearly 70% higher than they were in 2001, reducing the buying power of fuel taxes. The Secretary of State's current *Oregon Blue Book* notes that Oregon's rate of unemployment during the "Great Recession" also impacted fuel consumption, as joblessness leads to less travel for employment, less leisure travel, and additional efforts to improve fuel economy through purchasing more efficient vehicles.

Oregon compared to Western States -- In Oregon, all motorist taxes and fees are constitutionally dedicated to roads. Other western states place some motorist revenues in their general funds to support non-highway/transit programs, even non-transportation programs. For example, many western states impose both a state sales tax as well as a local option sales tax on automobile purchases. These sales taxes usually generate more revenue than the gas tax on a cents per gallon basis.

Typical motorist taxes and fees are lower in Oregon than in other western states, regardless of whether the money is spent on highways or not. Comparing Oregon with the neighboring states of Washington, California, Idaho, Nevada, as well as Montana and Utah on how much the typical highway user (motorist) pays in automobile related taxes and fees (cents per gallon) for ownership and operation includes:

- 1) state gasoline excise tax;
- 2) gasoline sales and local option taxes;
- 3) re-registration and related fees;
- 4) ad valorem (value-based) taxes;
- 5) prorated automobile sales taxes and;

6) prorated title and related fees. (The federal excise tax of 18.4 cents per gallon and state/local air emissions fees are excluded.)

As of January 2013, Oregon's gas tax compared to federal taxes and other western states shows that Oregon's tax rate continues to lag behind.

Tax:	Oregon	BORDERING STATES				OTHER WESTERN STATES	
		Washington	California	Idaho	Nevada	Montana	Utah
State Gasoline Excise Tax (a)	30.0¢	37.5¢	36.0¢	25.0¢	24.8¢	27.8¢	24.5¢
Gasoline Sales and Local Option Taxes(b)	1.0¢	0.0¢	12.7¢	0.0¢	11.3¢	0.0¢	0.0¢
Re-Registration and Related Fees(c)	\$46.06	\$68.75	\$69.00	\$80.16	\$34.00	\$92.00	\$44.50
Tax Equivalent (Cents/Gallon)	7.7¢	11.5¢	11.5¢	13.4¢	5.7¢	15.3¢	7.4¢
Median Ad Valorem Taxes (d)	\$0.00	\$33.00	\$69.00	\$0.00	\$186.88	\$33.81	\$80.00
Tax Equivalent (Cents/Gallon)	0¢	5.5¢	11.5¢	0¢	31.1¢	5.6¢	13.3¢
Prorated Automobile Sales Taxes (e)	\$0.00	\$302.25	\$284.38	\$195.00	\$251.06	\$0.00	\$219.38
Tax Equivalent (Cents/Gallon)	0¢	50.4¢	47.4¢	32.5¢	41.8¢	0¢	36.6¢
Prorated Title and Related Fees (f)	\$19.25	\$9.38	\$4.75	\$3.50	\$7.06	\$3.00	\$1.50
Tax Equivalent (Cents/Gallon)	3.2¢	1.6¢	0.8¢	0.6¢	1.2¢	0.5¢	0.3¢
Total Equivalent Cents/Gallon (g)	41.9¢	106.5¢	119.9¢	71.5¢	115.9¢	49.2¢	82.1¢

(a) Excludes federal excise tax of 18.4 cents per gallon. Includes petroleum clean-up taxes for California, Idaho, Nevada, Montana and Utah.

(b) Includes weighted average sales taxes and weighted average local option excise taxes. California tax assumes \$3.50 per gallon retail price.

(c) Includes miscellaneous and weighted average local option fees. Excludes air emissions fees.

(d) Applies state formula to national median age (8 years) of an average new price auto (\$23,000). Includes weighted average local option taxes.

(e) Prorated over four years based on an average used price auto (\$13,000). Includes weighted average local option taxes.

(f) Prorated over four years

(g) Based on estimated average gallons of 600 per year (12,000 miles per year @ 20.0 mpg).

**Source: ODOT Transportation Development Division, Programs and Economic Analysis
January 2013**

Table 11: Western States Comparison

Debt Repayment for Bonds – Beginning in 2001, the Oregon Legislature passed a number of special funding packages to provide revenue for investment in the state’s transportation infrastructure. The *Oregon Transportation Investment Act*, implemented in three phases, was intended to generate approximately \$2.46 billion in funds to repair or replace bridges, re-pave roads, and modernize or expand capacity on state highways and on county and municipal roadways. A separate, five-phased *Connect Oregon* initiative, initiated in 2005, uses approximately \$382 million in lottery-backed bonds to invest in non-highway projects for railways, marine ports, aviation, and public transit. The 2009 *Jobs and Transportation Act* increased vehicle registration and title fees, commercial registration fees, weight-mile taxes and other DMV fees to provide a projected \$300 million a year.

The bonding authority provided by these legislative initiatives provided financing for ODOT to be repairing and replacing bridges. With the bond financing strategy in place, approximately 25% of projected highway fund revenues will have to be obligated to bond repayment from the year 2016 to 2036, which reduces the funding available for any new projects.

Portion of ODOT’s Gross State Highway Fund Resources Going to Debt Service (2008-15)

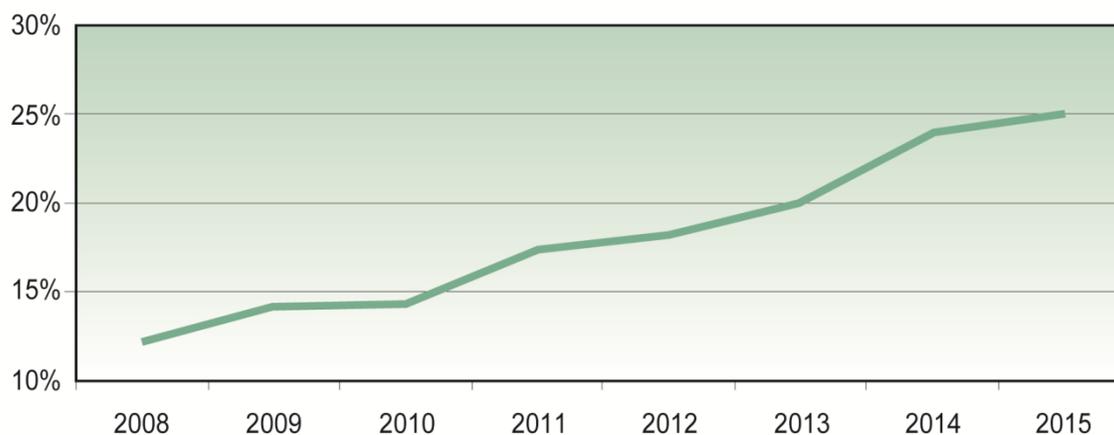


Figure 15: Portion of ODOT’s Gross State Highway Fund Resources Going to Debt Service

Age of the Current Interstate Highway System – Nearly sixty years ago the planning for a “National System of Interstate and Defense Highways” began with the goal of connecting points of population, trade and commerce, and to serve needs of national defense. In 1956, President Dwight D. Eisenhower signed the *Federal Interstate System Act*, authorizing creation of the interstate highway system with the goal of building a 41,000-mile road network that would allow travel from coast to coast without traffic light stops. This goal was realized in 1992 when the last section of Interstate 90 near Wallace, Idaho was completed.

Pavement conditions of interstate highways will deteriorate significantly over the next decade.

Asphalt and concrete pavement have service life varies depending on many factors such as the type of materials, location, weather conditions and gross traffic weights and volumes. The lifespan of a roadway can be extended over time through the application of asphalt overlays, fog seals and other techniques, but these approaches cannot be used indefinitely. Given that many sections of the interstate highways were built in the 1950s and 60s, the services lives of the pavement in these sections, even with routine maintenance is nearing the end of useful service life.

Age and Condition of Oregon Bridges – Today, 36% of all the ODOT-owned bridges are 50 years of age or older. These older bridges were not designed for today’s traffic volumes, weights or speeds and they were not built to the standards required to withstand a severe earthquake or tsunami. Many bridges are also nearing the end of their service lives. ODOT’s *2012 Bridge Condition Report* states that 89 bridges have been classified as “structurally deficient.” This means that these bridges have deteriorated elements that require ODOT to place weight limits on trucks that cross these bridges. Drivers who haul freight or other material goods must find alternate routes, often a detour of many miles, to avoid weight-restricted bridges, increasing costs for the transporter and ultimately consumers.

Based on these current bridge conditions and increased funding for maintenance, the average remaining service life of ODOT bridges is 35-40 years. In the mid-1980s, a new state law required bridges to be built with reserve load capacities that were well above contemporary needs. Many bridges built during the 1950s and 60s were designed with minimal reserve capacity and poor design details, meaning that continued preservation of those bridges, given current and future traffic needs, is not cost effective. These bridges are the largest group in Oregon’s inventory (a little over 1,000 bridges, 497 of which have poor details). Currently no funding has been identified to start systematically replacing them.

In May 2013, ODOT Highway Division officials testified before the Oregon Legislature that \$1.8 billion of new funding was needed by the year 2030 to complete seismic repairs or replacements of 143 bridges. These bridges are on critical statewide roadways located throughout the state and are organized into three priority levels. The tiers, determined in a 2009 ODOT bridge study, defined priority levels based on the criticality of repairs needed, whether the bridge is located on a strategic “lifeline” route and the estimated long-term economic impact to the state if it remained closed. Tier 1 requires \$900 million in funding while Tiers 2 and 3 need \$600 million and \$300 million respectively. Route Selection criteria used:

- **Survivability:** Linkage to emergency responders and critical care facilities
- **Life Support:** Critical care facilities, life support resources, evacuation routes
- **Economic Recovery:** Critical freight corridors, provides mobility into and out of the region, serves as critical route between large metro areas

Program Stage	Retrofit Cost, millions
Full Program (all 3 Stages)	\$1,827
Partial Program (Stage 1 & 2)	\$1,515
Partial Program (Stage 1)	\$868

Program Stage	Loss Avoided, millions
Full Program (all 3 Stages)	\$84,100
Partial Program (Stage 1 & 2)	\$55,100
Partial Program (Stage 1)	\$35,000

Program Stage	Benefit/Cost
Full Program (all 3 Stages)	\$46
Partial Program (Stage 1 & 2)	\$36
Partial Program (Stage 1)	\$40

Comparison of seismic retrofit costs and economic costs avoided.

Table 12: Benefit/Cost of Bridge Seismic Retrofit Programs

Unstable Slopes Along Highways – Managing unstable slopes along highways to avoid rock falls, landslides, or other ground movement is very important for public safety, mobility, and the economy. ODOT’s current funding level is currently \$7.4 million per-year. At this level of funding it will require 25 years to address all identified unstable slopes currently identified to need immediate attention. Any new landslides, rock falls, or other damage to other areas not already identified will extend the timeframe to address unstable slope problems at current funding levels.

Age and Condition of Culverts, Lighting and Signage – Other highway system features essential to the effective operation of highways, such as culverts, lighting and signage, are also nearing the end of their service lives. Routine maintenance and replacement of failing components can only continue for a limited time period. As elements of these features corrode or become worn out due to exposure to weather and the weight and volumes of traffic use, culverts, lighting and signage will need to be replaced. Recently, 31% of the culverts that were part of an ODOT inspection and review were assessed to be in “poor” or “critical” condition. It is estimated that the annual gap between needs and funding for culvert replacement alone is \$77 million.

Orphan/Legacy Highway Needs – At the May 2013 meeting of the OTC, ODOT Highway officials presented an objective to evaluate the feasibility of transferring responsibility for portions of Oregon State Highways that look like city streets or county roads over to the county and municipal road authorities. These roadways are vital for local communities but are typically a lower priority for ODOT. This goal aligns the ongoing needs for maintenance and improvement of these roads to the jurisdictions that rely on them most, allowing ODOT to focus resources on true state and interstate

highways. Transfers would occur on a case by case basis and may require funding to repave the section of highway or complete any needed repairs prior to the transfer.

Critical Projects and Modernization – ODOT staff is currently working with twelve Area Commissions on Transportation (ACTs) to determine transportation priorities. The ACT members represent interest groups and stakeholders in specific areas of the state. Representation includes local governments, tribes, transit providers, regional agencies and the private sector. The ACTs provide recommendations and prioritization of possible transportation projects to the OTC, which assists the OTC in their efforts to identify critical projects or maintenance needs for the Statewide Transportation Improvement Program (STIP) plan.

The STIP identifies major local, state and federal transportation system investments that rely in whole or in part on federal funding, or that are deemed to be of regional or statewide significance regardless of funding source. The STIP includes lists of projects that are approved to be carried out during a four-year time period. The STIP for 2015-2018 is divided into two categories – **Enhance**, activities that enhance, expand, or improve the transportation system and **Fix-It**, activities that fix or preserve the transportation system. Funds requested by the ACTs for financing projects equaled \$675.3 million.

Other Funding Needs – In addition to planned projects and maintenance, funding is also needed for any emergency situations caused by human-made or environmental disasters.

At the August 2011 meeting of the OTC, Governor Kitzhaber remarked:

“Oregon needs a transportation system that chooses the right projects for the communities to attract or grow new businesses while allowing through traffic. We need a transportation system that innovates ways to support and build markets for renewable energy, and home-grown, clean bio-fuels that create local jobs and boost our economy. We need a system that allows its users to have all the information on costs and delays by mode through an app on their phone so that they can decide for themselves how to maximize their use of the system. And if we are going to morph into a truly multimodal transportation system that is safe and efficient, we need sustainable funding for all modes including marine, rail, transit, bike and pedestrian.”

The Governor provided six overarching objectives to guide ODOT transportation planning to continue to create a multi-modal or intermodal transportation system that best serves Oregonians.

The objectives:

1. Do we have the right group of individuals at the table at the beginning of the process to define the problem and solution together?
2. Should ODOT manage or own the transportation facility or would it be better managed, for a diverse set of outcomes, by another agency or jurisdiction?
3. Are we creating programs that don't simply invest in the future of the transportation system but meet a multitude of community objectives?
4. Does each decision move us closer to a sustainable, safe, lower carbon, multi-modal system?
5. Does the decision maximize benefit for the least-cost under the limited resources?
6. Finally, does this decision or policy move us closer to finding a more rationale transportation funding mechanism for the future?

Non-Roadway Funding Needs – Historically, the majority of the focus and funding for Oregon's transportation system has centered on the state's highways. The building of a major highway through a town was thought to address the majority of transportation needs for the people of that community. In our 21st century society, a growing number of citizens expect the state's transportation infrastructure to also include opportunities to utilize rail, public transit, bicycles, and pedestrian modes of travel or to use more than one mode to reach a destination.

Recognizing these challenges, the Governor also convened the Oregon Non-Roadway Transportation Funding Working Group to examine multi-modal or intermodal transportation funding options. In their report released in May 2012, the group identified the funding gap for non-roadway needs, noted a lack of sustainable funding sources and proposed avenues for consideration to increase available resources.

Summary of Transportation Needs Funding Gap

Mode	Annual Gap (2012\$)	
	Amount (in millions of \$s)	% of total
Air Freight and Passenger	\$131.0	25.5% 22.9%
Bicycle / Pedestrian Programs	\$7.8	1.5% 1.4%
Intermodal Connectors	N/A	
Ports and Waterways	\$5.9	1.1% 1.0%
Public Transportation	\$363.9	70.7% 63.6%
Rail Freight and Passenger	\$5.1 - \$62.9	1.0% - 0.9%
Transportation Options Program	\$1.0	0.2% 0.2%
Non-Roadway Subtotal	\$514.7 - \$572.5	36% 33%
Local Roads and Bridges	\$339.9 - \$580.8	23.5% - 33.3%
State Highway-Related Programs	\$591.5	40.9% 33.9%
Grand Total	\$1,446.1 - \$1,744.8	100% - 100%

Sources: Assessment of Non-Roadway Investment Needs; Economic & Planning Systems, Inc.

Table 13: Assessment of Oregon Non-Roadway Funding Needs

5.8 AAMVA Survey of Cost Recovery and System Modernization Financing Strategies (Table 14)

DMV Fee Structure and System Modernization

The Oregon DMV has organized an employee study team to review their current vehicle and driver licensing fee structure as a part of an ongoing effort to focus on modernization of DMV programs. In Oregon, DMV fees provide revenue for both administrative cost recovery and funding for state and local transportation programs. The study goal is to develop fee recommendations that, at a minimum, allow DMV to recover the full cost to provide a product or service.

As a part of this effort, the study team also will propose recommendations that address any gaps that may exist between forecasted revenue collection and the revenue needed to meet bond debt repayment obligations for two Oregon Legislative initiatives that provided funding for bridge replacements and other transportation system modernization projects adopted starting in 2003. Beyond paying for the administration of the DMV program and current debt obligations, DMV's revenues contribute to the state highway fund.

The project's recommended fee structure may include providing the revenue needed to allow DMV to accept additional payment solutions and to modernize the division's computer systems. Work on the fee study is expected to conclude by June 2013 and may result in submission of a fee bill proposal to the 2014 session of the Oregon Legislature.



Information requested on behalf of Oregon

Last update: 3/28/13

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
Alabama (vehicles) Jay Starling Jay.Starling@revenue.alabama.gov	No	No	No

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
Alabama (<i>drivers</i>) Fran Copeland Chief Financial Officer fran.copeland@dps.alabama.gov	Yes. We have the Highway Traffic Safety Fund where those driver license fees not required to be deposited in the State General Fund are deposited. The Highway Traffic Safety Fund can be used for law enforcement purposes only, which includes administrative costs.	We have not conducted a study of the costs to deliver various driver license products. The last fees that were adjusted were reinstatement fees, which were adjusted in 2000.	No. We have not obtained funding for computer system modernization.
Alaska Coleen Greenshields Coleen.greenshields@alaska.gov	No. We currently have proposed legislation to create such a fund.	No we have not conducted a study. Our fees are in statute so we cannot make changes without legislative approval.	No. Our modernization is paid for through capital appropriations.
California Robbie Crockett Robert.Crockett@dmv.ca.gov	Yes. Per Article XIX of the State Constitution, the State Highway Account (SHA) in the State Transportation Fund is used for the deposit of all money from any source for expenditure for highway purposes including major and minor construction, maintenance, right-of-way acquisition, improvements and equipment, services, investigations, surveys, experiments and reports. DMV collects weight fees from all commercial vehicles and deposits them into this fund. DMV recovers its administrative costs only associated with collecting the weight	CA DMV has an Activity Based Costing (ABC) Model where total department expenditures are entered from all DMV funds and it distributes costs to identified activities and department's products/services. This model is updated on an annual basis. In addition, we also perform other special cost analysis for specific fee setting for administration cost recovery, i.e. dishonored check. No, the major driver and motor vehicle fees are set based on statutes.	No, we have not obtained any funding for computer system modernization through supplemental DMV fees.

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
California, <i>continued</i>	fees.	We do not have a cost study to share.	
Colorado Deanna Erstad Deanna.erstad@state.co.us	<p>Yes. The Highway Users Tax Fund (HUTF) is the primary source of highway funds in Colorado. By statute (Sections 43-4-201 through 216, C.R.S.), the HUTF general includes revenues from excise taxes on motor fuels; registration and license fees on drivers, motor vehicles, trailers and semi-trailers; court fines and fees; motor vehicle penalty assessments; miscellaneous fees; interest; passenger mile taxes on vehicles; and fees and surcharges collected pursuant to Senate Bill 09-108 (FASTER legislation revenues).</p> <p>Pursuant to Article X, Section 18 of the Colorado Constitution, the revenues in the HUTF generated from the above sources are required to be used exclusively for the construction, maintenance and supervision of the public highways of the State. Several specific cash funds that were created for the</p>	<p>Yes. The Division of Motor Vehicles completed a cost accounting study of approximately 100 activities. As a result of this study and additional analysis, the Division is developing a financing strategy to ensure that revenues are sufficient to cover related expenses. At this time it is unknown whether or not specific fees may require adjustment as this analysis is ongoing. The cost accounting tool was provided by Maximus, a consultant and does contain their proprietary format. Specific cost information from within the tool may be made available upon request.</p>	<p>The Division of Motor Vehicles is currently assessing potential information technology systems upgrades. Once the final estimates have been identified, the Division will analyze potential funding sources and begin moving toward acquiring needed dollars. Up to this point, however, significant modernization efforts have been limited.</p>

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
Colorado <i>continued</i>	purposes of collecting the fees, etc listed above revert funds annually into the HUTF.		
Connecticut Felix Planas Felix.planas@ct.gov	Yes, Our state legislation requires certain fees to be deposited into a Special Transportation Fund.	No	No. Funds were legislatively appropriated to modernize our computer systems.
Delaware Jennifer Cohan Jennifer.cohan@state.de.us	Yes, all DMV fees are dedicated for deposit into the state transportation trust funds. All operations and capital needs for the DMV are funded via the transportation trust fund.	No, we did have fee increases in 2007 which were across the board increases for Driver Licenses, Vehicle Registration, Tolls and other various DMV fees.	Yes, we have obtained \$20 million in transportation trust fund dollars to fund comprehensive system modernization.
Kentucky David Talley David.Talley@ky.gov	Yes. Kentucky has a constitutionally segregated Road Fund where all transportation related fees are deposited.	Yes. From time to time, the Kentucky Transportation Cabinet produces studies concerning the sufficiency of fees to cover the administrative expense of various services provided. For multiple reasons, the results of these studies have not been used to increase fees. The studies are draft materials intended for Transportation Cabinet management to consider when formulating policy, and are	In the past five years, the Kentucky General Assembly has approved two capital improvement projects related to computer system modernization. Road Fund supported bonds were sold to raise \$25M in funding for a new vehicle titling system. Road Fund supported bonds were sold to raise \$12.5M in funding for a new driver licensing system. Neither

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
Kentucky <i>continued</i>		therefore not available for public consumption.	project was funded specifically with a DMV fee increase.
Michigan Cindy Paradine ParadineC@Michigan.gov	Yes. State statute requires that revenue received from motor vehicle related taxes and fees be deposited into the Michigan Transportation Fund for Michigan roads. There is a service fee added to each registration that is intended to cover administration & collection costs.	Yes. A cost allocation study is completed every year. However, our fees have not been adjusted based on the results of the cost study due to the difficulty of getting fee increasing passed by the State Legislature. Following this table is a summary of the cost per transaction type included in our FY11 cost allocation study.	No. We received a one-time appropriation from the legislature for technology modernization instead of an increase in DMV fees.
Minnesota Tom Nash Thomas.nash@state.mn.us	Yes. All motor vehicle taxes are deposited into a highway fund. MN Driver & Vehicle Services (DVS) collects additional fees deposited to a dedicated special revenue fund to cover the cost of providing motor vehicle services.	The most recent study completed of the cost to deliver various services was in 2005. Beginning in 2006 DVS became fee based where all cost for services DVS provides must be covered by the fees collected.	Yes. We were able to obtain legislative approval of a "technology fee" that allowed us to collect \$1.75 from 7/1/2008 through 6/30/2012 for most DVS transactions. The "technology fee" was reduced to \$1.00 for the period 7/1/2012 through 6/30/2016. These fees were to be used to replace our current outdated computer system. DVS is in the

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
Minnesota <i>continued</i>			process of replace the current system and anticipates a completion date of 6/30/2016.
Missouri Ruth Otto Ruth.otto@dor.mo.gov	Yes. Our state constitution requires that revenue received from highway users as an incident to their use or right to use the highways of the state, including all state license fees and taxes upon motor vehicles, trailers and motor vehicle fuels is to be deposited into the state road fund for purposes of maintaining the state highway system. Amendment 3 caps the Department of Revenue's (DMV) reimbursement for the actual cost of collection at 3% of the total highway funds collected.	No	No
Nebraska Gary Ryken, Accounting and Finance Mgr. Gary.ryken@nebraska.gov	Yes. Nebraska has a dedicated Highway Trust fund used exclusively for road maintenance and construction by the Nebraska Department of Roads. State statutes split a portion of vehicle registration fees and specialty plate fees to the Highway Trust Fund.	Yes. A study of driver license services delivery models was completed in November 2012. No action has been taken as a result of the study. A copy is available upon request.	No, however, a bill (LB445) was recently introduced to create a dedicated VTR system replacement fund supported through increased driver and vehicle record search fees.

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
New Hampshire William R. Joseph William.joseph@dos.nh.gov	Yes, most of the revenue generated by the DMV go to the highway fund	No	New Hampshire will implement our system modernization through a capital project.
New Mexico Raul Alvarez Raul.alvarez@state.nm.us	Yes. New Mexico has what's called a Suspense Fund where all fees collected are deposited for distribution. We also have what's called the State Road Fund. This is where most of the registration fees and part of many other fees collected are distributed after being deposited in the Suspense Fund.	Yes, New Mexico has conducted a study of the cost of services. No, New Mexico has not adjusted fees based on this study. Yes, New Mexico will provide a copy of the study upon request.	Yes. The bulk of our system modernization will be paid for from revenue generated through sale of data and other created revenue streams. We have also had an appropriation and will most likely seek additional appropriations if necessary.
New York Robert Simon Director of Fiscal Management and Human Resources robert.simon@dmv.ny.gov New York, <i>continued</i>	Yes - New York State's funding for the State portion of highway and bridge maintenance is the responsibility of the Dedicated Highway and Bridge Trust Fund (DHBTF). 44% of DMV revenues go to support the DHBTF and another 22% go to fund mass transit. The remaining collections are split among the state's General Fund, various other special purpose accounts, and payments to localities. On the appropriation side, 59% of DMV's operating costs come from the DHBTF.	No.	No.

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
North Dakota Linda Butts lnbutts@n.gov <i>North Dakota continued</i>	All the fees from the registration of vehicles and plate sales goes into the Highway Tax Distribution fund for use by DOT, Cities, Counties, Townships and Transit. However Motor Vehicle is able to take operating expenses "off the top" to the extent they have budget authority to spend those funds. Driver's License is self-funded by its fees.	We are losing money for each driver's license we issue, however with our economy as robust as it is and the large budget surpluses we are running, there is no will to raise fees, but rather we try to increase general fund funding to cover the losses. See attached for our cost studies.	Funding for a replacement computer system for the Motor Vehicle division is currently working its way through the legislature. Funding for this, if passed, would come from the general fund.
Ontario Ann Langridge Head, Planning & Controllership Ann.Langridge@ontario.ca	No. All of our Driver and Vehicle (D&V) revenue is deposited into the Consolidated Revenue Fund (CRF) for the Province of Ontario.	Yes. We go through a Full Cost Pricing (FCP) exercise each year, which allows us to update our costs to deliver the business and the revenue. The FCP exercise is at the fee category level (grouping of like fees) and costs are broken down into two categories, Highway infrastructure and Non-Highway costs. The difference between our revenues collected and our costs to deliver product/service is reviewed yearly and, if available room exists, a proposal is made to increase fees to be closer to full cost recovery. We could provide an overview of our costing process.	No. All of our all expenditure allocations (funding) come from the CRF.

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
Québec Harold Blaney / Francine Lépinay harold.blaney@saaq.gouv.qc.ca	<p>The cost of a driver's licence and vehicle registration (first issue and renewals) is divided as follows:</p> <ul style="list-style-type: none"> - Bodily harm insurance: Money goes to the Fonds d'assurance automobile du Québec (injury insurance fund) - Right to operate a vehicle: Money is deposited in a road infrastructure development and maintenance fund, which is also supported by the fuel tax. - Administration charge: Money stays at the SAAQ and is used to administer its licence and registration activities. - Other fees: Contribution to public transit, local development initiatives or municipalities. <p>Customers also pay for direct services rendered (licence plates, driving tests, replacement of registration certificate, etc.)</p>	<p>Yes, the SAAQ calculates the cost of its products and services using activity-based accounting. The data is updated annually. Fees have not been adjusted since 1991. Costs are indexed annually since 2011. Costs are available on the SAAQ's Web site. http://www.saaq.gouv.qc.ca/en/index.php</p> <p>We would like to obtain a copy of the cost study report.</p>	<p>No supplemental fees are being considered. Funding for computer system modernization will come from the profits afforded by the modernization, i.e. more online services that will reduce the workload.</p>
South Carolina Melinda S. Woodhurst Melinda.Woodhurst@scdmv.net	<p>The SC DMV collects revenues for the State Highway Fund. However, this fund is not under the jurisdiction of DMV. DMV distributes all funds collected on behalf of the State</p>	<p>SC DMV is currently in the process of conducting a costing analysis of products and services as the previous analysis was performed in 2001. SC DMV can only adjust</p>	<p>SC DMV is pursuing funding for IT system enhancements and security during our current legislative process.</p>

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
South Carolina <i>continued</i>	Highway Fund to the SC Dept. of Transportation.	fees based on legislative authority.	
Texas Rosendo Martinez Rosendo.martinez@dps.texas.gov	The funds collected for driver license issuance and records are deposited into the Texas Mobility Fund. The Driver License Division receives appropriated funds for operation, salary and capital purchases.	No.	In 2003, the legislature added a \$1.00 fee to the vehicle registration fee that was appropriated to the Department for the Driver License Re-engineering Project. This fund was used to re-engineer our business processes, develop and implement a new Driver License System and replace the image capture equipment for the collection of the signature thumbprints and signature. This fee was collected and appropriated to the agency for a period of 2 years.
Utah (Drivers) Jill Laws jlaws@utah.gov	The fees collected by the Utah Driver License Division are deposited in a restricted account known as the Department of Public Safety Restricted Account. The Utah State Legislature appropriates	No	The Utah Driver License Division fees were increased in 2007. The Utah Legislature has appropriated monies from the Department of Public Safety Restricted

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
Utah (Drivers) <i>continued</i>	funds from this account to operate the Utah Driver License Division.		Account to fund the “in-house” rewrite of our Driver License System database.
Utah (vehicles) Heidi Reilly hreilly@utah.gov	<p>Yes. Unless otherwise identified in statute, all fees collected are distributed to the Transportation Fund.</p> <p>In addition, \$1.00 is collected on each motor vehicle registration/renewal for an uninsured motorist identification fee. The money generated is used to fund the Uninsured Motorist Identification Database to verify compliance with motor vehicle owner's or operator's insurance requirements.</p> <p>An electronic payment fee is collected on all registration and renewals of certain motor vehicles to defray the processing fee charged by credit card companies or processing agents as well as costs associated with the purchase of equipment necessary for processing electronic payments.</p>	No.	No.

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
Virginia Jeff Ryan Jeff.ryan@dmv.virginia.gov	Yes, we have a dedicated fund called the Motor Vehicle Special Fund, which supports DMV operations.	Yes, the Virginia DMV uses Activity Based Costing to cost out products and services. We have used the report to advocate for fees that are in line with our costs. We are attaching a copy of the latest report.	DMV, did obtain some funds for systems modernization from uninsured motorist penalties, however after one year, the funding was withdrawn due to the economic downturn. We continued to the project within our own Motor Vehicle fund, in part from other small fee increases.
Washington Kimberly Mathis kmathis@dol.wa.gov	Yes. DOL receives appropriations from two funds that receive revenue from fuel tax and from other transportation-related revenue streams. These two funds are the Motor Vehicle Fund (RCW 46.68.070), used by the state for proper road, street and highway purposes, including facilities for pedestrians, equestrians, or bicyclists. The sources of revenue for the Motor Vehicle Fund are motor vehicle licenses (registrations), automobile sales licenses, retail sales taxes, motor vehicle fuel tax, sales of bonds, fines and forfeitures, interest earnings, and other	The Washington state legislature requires the Department of Licensing submit a cost analysis of driver and vehicle services by fee type every 2 years (December 1 st , following the end of each biennium). The legislature uses the cost information in this study as one factor when proposing adjustments to these fee rates. No requirement exists for these services to be self-sufficient. Revenue from the fees is distributed to primarily transportation funds supporting services in multiple agencies (including DOL). The last study was	Yes. DOL has received legislative approval (appropriations) from both the Highway Safety Fund and the Motor Vehicle Fund for technology modernization efforts. No new fees or increased fees were required to fund these ongoing efforts.

JURISDICTION Respondent Email Address	QUESTION: Do you have a dedicated highway fund where DMV revenues not used for general operations and administration are deposited?	QUESTION: Have you recently conducted a study of the cost to deliver various driver and motor vehicle products and services? If so, have your fees been adjusted based upon the results of the cost study? If you conducted a cost study, may we obtain a copy?	QUESTION: Have you been able to obtain funding for computer system modernization through supplemental DMV fees? If so, what was the source of revenue?
Washington <i>continued</i>	miscellaneous revenue. The second fund is the Highway Safety Fund (RCW 46.68.060) used for carrying out the provisions of law relating to driver licensing, driver improvement, financial responsibility, cost of furnishing abstracts of driving records and maintaining such case records, and to carry out the traffic safety provisions of RCW 43.59 (Traffic Safety Commission). The sources of revenue for the Highway Safety Fund are motor vehicle operator licenses, motor vehicle licenses, publications and documents, interest earnings, and other miscellaneous revenue.	submitted on December 1, 2011, with the next study due on December 1, 2013. We will gladly send you a copy of the study.	
West Virginia Steve O. Dale, Commissioner Steven.O.Dale@wv.gov	NO	NO	NO

Information in this table was provided by the responding jurisdiction.