



DMV Cost of Services Study



Background

Oregon Driver and Motor Vehicle Services division charges fees for licensing, titling, registration and other services. These fees are intended to cover DMV's operating expenses, generate revenue for the State Highway Fund and fund specific allocations of past transportation packages. DMV provides some services at no cost but still has to staff and support those services. To keep DMV running, the overall cost of operations are spread across the services that do have fees. This helps ensure we can continue delivering all services — both free and fee-based — to Oregonians.

Since 2013, DMV has published seven Cost of Services studies showing data on the costs to deliver DMV products and services compared to the base fees charged. The study is updated and published following each biennium and incorporates timed and untimed transactions to determine the cost. The studies show the consumer fee, which is what the consumer pays, and the base fee, which is the money DMV receives. Any time the base fee is lower than the cost per transaction, DMV is losing money.



Summary

The 2026 Cost of Services study, which is based on transactions and expenditures data from the 2023-25 budget cycle, found that many DMV fees do not cover the costs of DMV services and operating costs are increasing faster than revenue.

The study showed that DMV fees no longer reflect the true cost of providing services and without adjustments, Oregon will face growing deficits and reduced service capacity. Modernizing fees, especially those untouched for decades, will help maintain customer service, support state highway-funded roads, provide greater funding to cities and counties, and keep DMV operations sustainable.

Despite funding challenges, DMV maintains its focus on customer service and is always seeking solutions to reduce costs — including investing in self-service options, technology solutions and upgrades to improve efficiency — while still delivering the range of services Oregonians need.



DMV is operating at the edge of its revenue

Costs have risen faster than fees due to inflation, including labor costs, IT systems, postage, utilities and credit card fees. Without changes, a deficit is projected for future biennia. DMV fees do not cover base operating expenses or DMV's share of five prior transportation funding packages (OTIA I, OTIA II, OTIA III, JTA and HB 2017). The 2023 legislative session increased some base DMV fees to help recover operational costs, yet these costs continued to increase, and those increased fees yielded very little net revenue to the State Highway Fund and agency operations overall.

Some fees haven't changed in 30 years

Some fees have remained the same for more than 30 years and long ago failed to cover the cost of providing the services.

Drive test fees don't cover the cost of administering the test

Driver licensing and testing cost far more than the fees charged. The Class C drive test costs DMV over \$148 to provide, but customers only pay \$45. The DMV fee is significantly lower than our third-party service providers whose average fee is \$75. The average cost per test for DMV to administer the third-party testing services program is less than \$6, far less than the cost to conduct this test at a DMV office. Third-party testers help reduce DMV's costs, but DMV still pays to oversee the program.

In-person services cost more than online services

A significant component of product/service cost is the amount of time employees spend processing the transaction. Because of added federal and state requirements, many transactions take longer than they used to. Online services cost significantly less to deliver compared to in-person services and other service channels. For example, online license renewal costs DMV about \$42; it costs nearly \$80 in an office.

Business regulation fees don't cover the cost of oversight

Licensing and investigating vehicle dealers, dismantlers and appraisers costs far more than the fees collected for those services. For example, a dealer license fee is \$1,188; it costs DMV \$3,177 to process and maintain it.

DMV is spending more than it brings in

The study showed that DMV's operating costs are now equal to or higher than its base revenue. Costs are rising because of:

- Higher labor costs.
- Inflation.
- Postage and printing increases.
- IT system costs.
- Credit/debit card fees.



Credit and debit card fees are a growing cost

DMV's operational costs continue to exceed or be close to base revenue, and the deficit will continue to grow until base rates are adjusted. One example is credit and debit card fees, which now cost DMV almost \$10 million per biennium — projected to be about \$12 million in 27-29 — and DMV does not charge customers a fee to offset this. These fees will continue to surge as the number of card transactions and the fee amounts collected increase.

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