



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: S. 0549 Amended by House Education and Public Works on April 25, 2023
Author: Grooms
Subject: Auto Dealers
Requestor: House Education and Public Works
RFA Analyst(s): Griffith and Gardner
Impact Date: May 1, 2023

Fiscal Impact Summary

This bill amends the driver's license reinstatement fee payment program, which is administered by the Department of Motor Vehicles (DMV). Additionally, the bill creates a reinstatement fee for a person who registers an uninsured motor vehicle and requires the Department of Insurance (DOI) to set the increase of the fee in relation to the average rate level increases for private passenger automobile insurance coverages by insurers in South Carolina. DMV indicates that these portions of the bill will have no expenditure impact because the agency will implement the provisions with existing appropriations. DOI indicates that the responsibility of setting the reinstatement fee increase will be managed with existing resources and will have no expenditure impact.

Section 38 of the bill will increase expenditures of the DMV by an undetermined amount in order to allow its customers to upload documents directly to the agency. The DMV expects that this capability will be included in its next driver and vehicle records system, for which appropriations have already been requested. Therefore, this section of the bill will have an undetermined expenditure impact on DMV.

The remainder of the bill's sections relate to temporary license plates and registration and to motor vehicle dealers in the state. Sections 12 and 23 will have an undetermined increase in DMV's expenditures in order to update software and provide support to the Dealer Sanction Review Board. All other sections of the bill will have no expenditure impact on DMV.

In total, the bill will have an undetermined impact on General Fund expenditures of DMV as the agency will not know until implementation of the bill the full effect of certain measures.

The bill will have no expenditure impact on Judicial, the Commission on Prosecution Coordination, or the Commission on Indigent Defense because any increase in caseloads can be managed within existing resources.

Section 1 of the bill increases the \$40 administrative fee collected by DMV under the driver's license reinstatement fee payment program from \$35 to \$40 and allows DMV to retain \$5 of the fee to cover the cost of operating the program. Currently, all revenue from the administrative fee

is directed to the State Highway Fund (SHF), which are Other Funds of DOT. This section of the bill takes effect twelve months after approval of the Governor. Based on revenues collected in FY 2021-22, and assuming a similar pattern in FY 2024-25, the bill will increase Other Funds revenue of DMV by approximately \$53,000 for the retention of the \$5 fee. There will be no revenue impact on Other Funds of DOT since the remainder of the fee, or \$35, will continue to be remitted to the SHF. Additionally, Section 1 of the bill may increase the number of people who may participate in the program because it lowers the amount a person may owe before enrolling from \$300 to \$200. However, the bill may also decrease the number of people participating because of limits to driver's license suspensions that apply to the program.

Section 8 of the bill increases the fee for 45-day temporary license plates. This section of the bill will increase revenue to the SCTIB by at least \$1,328,000 and will increase Other Funds revenue of DOT by at least \$1,026,000 in FY 2023-24. However, the total amounts are undetermined because the number of motor vehicle dealers who are now required to issue traceable temporary license plates at the point of sale but were not before the bill is unknown. Additionally, the increase in revenue to the SCTIB is expected to offset the decrease from Section 32 of the bill.

Sections 9 and 32 of the bill will decrease Other Funds revenue of DMV by \$147,518, will decrease revenue to the SCTIB by \$1,327,662, and will increase Other Funds revenue of DOT by at least \$184,397 in FY 2023-24. However, revenue directed to the SCTIB from the 45-day license plates in Section 8 of the bill is expected to offset the decrease the SCTIB will experience from the repeal of the 30-day license plates.

Section 13 of the bill will increase Other Funds revenue of DMV by \$1,356,000 and will increase Other Funds of DOT by \$337,000. Timing of the overall impact will depend upon when the bill is implemented.

While Sections 15, 19, and 24 will have no net effect, the change in term may affect the timing of revenue streams to the General Fund. These sections also create new offenses for motor vehicle dealers or wholesalers who sell vehicles without a license from DMV. This may result in an increase in the number of cases, or the duration of cases heard in court. These sections may increase the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. However, data are unavailable to estimate the number of new offenses. Therefore, the Revenue and Fiscal Affairs Office (RFA) anticipates this bill may result in an undetermined impact to General Fund, Other Funds, and local revenue due to the increase in fines and fees collections in court.

Sections 16, 20, and 25 will have an undetermined revenue impact to DMV because the change in a dealer's license term may affect the recovery of damages if a motor vehicle dealer owes taxes or fees to the state related to the process of buying, selling, titling, or registering vehicle.

Section 39 of the bill will have no net effect because the bill increases the license fee for driving training schools in proportion to the increase in the validity of the license. However, the change in term may affect the timing of revenue streams to the General Fund.

In total, the revenue impact on Other Funds of DOT is undetermined but will increase by at least \$1,547,397. Total Other Funds revenue of DMV will increase by \$1,261,482. Portions of these Other Funds revenue streams may be affected by the timing of the fees being collected. Timing of the overall impact will depend upon when the bill is implemented.

Overall, the revenue impact to the SCTIB is expected to be minimal since the revenue increase to the SCTIB from 45-day temporary license plates will offset the revenue decrease to the SCTIB from the repeal of 30-day temporary license plates.

Explanation of Fiscal Impact

Amended by House Education and Public Works on April 25, 2023

State Expenditure

Section 1

This section of the bill amends DMV's driver's license reinstatement fee payment program. Currently, a person who has had his driver's license suspended may apply for a temporary license valid for no more than six months to allow time for payment of reinstatement fees. The bill increases the temporary license period to twelve months and allows DMV to provide the person with a fee schedule. It also allows the driver to make payments online, except for the first and final payments.

Currently, a person may only participate in the payment program once every three-year period. This bill expands the timing to once every two-year period but requires the person to complete a payment program before beginning payment for an additional suspension.

Lastly, Section 1 of the bill restricts the types of driver's license suspensions that qualify for a reinstatement fee payment program.

This section of the bill will have no expenditure impact on DMV because the agency will implement the bill within existing appropriations.

Section 2

This section of the bill limits the types of driver's license suspensions that qualify for a driver's license suspension amnesty period. DMV reports that the suspensions removed from this section are not currently eligible for the amnesty period. Therefore, Section 2 of the bill will have no expenditure impact on DMV.

Section 5

This section of the bill removes the \$550 fee due by a person who registers an uninsured motor vehicle, and, in its place, creates a reinstatement fee of \$600, which must be increased annually. The increase must be made at the beginning of the calendar year, based upon and in relation to the average rate level increases for private passenger automobile insurance coverages by insurers in South Carolina. DOI must set this fee and notify DMV by the first business day of October of each year of the amount. DOI indicates that this will be managed with existing resources and will have no expenditure impact.

Section 8

Section 8 of the bill relates to temporary license plates. DMV currently administers a program for and regulates the issuance of temporary plates for newly acquired vehicles. This section expands the program and issuance to all items required to be registered in the state and items that are purchased in the state that may be registered in a foreign jurisdiction. The agency is required to develop program terms, conditions, standards, and specifications for third parties who will be authorized to produce temporary license plates and temporary vehicle registration transactions. Additionally, the section restricts motor vehicle dealer associations who may sell or distribute temporary plates to associations in which at least thirty percent and no fewer than 200 members are licensed South Carolina motor vehicle dealers. DMV indicates that expenses related to this section of the bill will be implemented with existing appropriations.

Sections 9, 10, 11, 30, 31, 32, and 33

These sections of the bill relate to temporary license plates. Currently, there are three types of temporary plates issued by DMV: a 45-day tag issued to vehicles purchased and registered in the state, a 30-day tag issued to vehicles purchased in the state that will be registered in another state, and a 120-day tag issued to a corporation for a vehicle used solely for research and development. This bill standardizes the term for temporary license plates to 45 days.

Further, there is currently a 15-day special permit issued to vehicles who have a delay in receiving their permanent plate. The bill changes the term of the special permit to 45 days. DMV indicates that any expenditure impact to update their operations to meet the requirements of these sections of the bill will be minimal and will not require an immediate Other Funds authorization increase.

Section 12

This section of the bill requires licensed motor vehicle dealers to issue temporary motor vehicle registrations and temporary license plates directly from the dealership. Dealers are no longer allowed to obtain temporary registrations and plates from DMV's branch offices and must make attempts to apply to the agency electronically, including utilizing digital scans of forms approved and provided by the agency. Licensed dealers are currently allowed, but not required, to issue registrations and plates. DMV anticipates increased General Fund expenses in order to provide an updated software solution that accepts scanned forms. The amount of the General Fund increase is undetermined as DMV's goal is to transition to a more modern driver, vehicle, and motor carrier records system as a whole and not purely for the purposes of this bill.

Additionally, since DMV branch offices will no longer accept dealer transactions, the agency anticipates being able to transition some of its workforce to serve customers in other areas. Therefore, DMV does not expect a cost savings as a result of this section of the bill.

Section 13

This section of the bill requires DMV to implement a quality assurance program to ensure the integrity of the electronic registration and titling program. The agency will solicit for a quality assurance entity, but DMV anticipates that the contract with this entity will have no expenditure impact.

Sections 15 and 19, and 24

These sections of the bill amend the term of recreational vehicle, motor vehicle dealer, wholesaler, and motorcycle dealer or wholesaler licenses from twelve months to thirty-six months. DMV indicates that the provisions of these sections will be implemented with existing appropriations. Therefore, there is no expenditure impact on DMV.

Additionally, these sections create new misdemeanors for various motor vehicle dealers and wholesalers who sell a vehicle without a license from DMV. This may result in an increase in the number of cases, or the duration of cases heard in court. The bill will have no expenditure impact on Judicial, the Commission on Prosecution Coordination, or the Commission on Indigent Defense. Any increase in caseloads can be managed within existing resources.

Section 23

This section of the bill establishes a points system for evaluating the performance record of any dealer licensed under Title 56. Further, the section creates a Dealer Sanction Review Board (board), which consists of the Executive Director of DMV or his designee, a DMV employee with expertise in dealer licensing, two non-franchise automobile dealers, and three franchise automobile dealers. DMV's Inspector General has the authority to issue sanctions based on findings during inspections and audits and may turn any records of sanctions over to law enforcement for criminal prosecution. DMV indicates there will be a minimal expenditure impact for sending letters via certified mail pursuant to 56-37-370(C). Additionally, once the provisions of the section are operationalized, DMV may need to request an administrative assistant for the board. Therefore, the expenditure impact of this section on the General Fund is undetermined.

Section 28

This section of the bill requires a dealer to properly title and, if applicable, register a used vehicle bought and held for resale within forty-five days after the sale. DMV indicates that the provisions of this section will be managed within existing appropriations.

Section 38

This section of the bill exempts a person from the vision screening required to obtain an initial license or upon license renewal if the person has a certificate of vision examination dated within the previous thirty-six months from an ophthalmologist or optometrist. Currently the certificate must be dated within the previous twelve months. The bill also exempts active-duty members of the Armed Services from the vision screening upon providing the DMV with a Leave and Earning Statement dated within thirty-one days of applying for or renewing their driver's license and a non-expired military identification card. The agency indicates that the DMV will need a new system that allows its customers to upload documents directly to it and expects that this capability will be included in its next driver and vehicle records system, for which appropriations have already been requested. However, the expenditure impact of this upgrade is undetermined.

Section 39

These sections of the bill amend the term of driver training school licenses from twelve months to forty-eight months. DMV indicates that the provisions of these sections will be implemented with existing appropriations. Therefore, there is no expenditure impact on DMV.

State Revenue

Section 1

This section increases the \$40 administrative fee collected by DMV under the driver's license reinstatement fee payment program from \$35 to \$40 and allows DMV to retain \$5 of the fee to cover the cost of operating the program. Currently, all revenue from the administrative fee is directed to the State Highway Fund (SHF), which are Other Funds of DOT. This section of the bill takes effect twelve months after approval of the Governor. Based on revenues collected in FY 2021-22, and assuming a similar pattern in FY 2024-25, the bill will increase Other Funds revenue of DMV by approximately \$53,000 for the retention of the \$5 fee. There will be no revenue impact on Other Funds of DOT since the remainder of the fee, or \$35, will continue to be remitted to the SHF.

Additionally, Section 1 of the bill may increase the number of people who may participate in the program because it lowers the amount a person may owe before enrolling from \$300 to \$200. However, the bill may also decrease the number of people participating because of limits to driver's license suspensions that apply to the program. Moreover, the bill may affect the timing of revenue streams of DMV of DOT because the temporary license is valid for an additional six months, and a person may now participate in the program once every two years instead of once every three years.

Therefore, the total revenue impact on Other Funds of DMV and Other Funds of DOT is undetermined for this section of the bill.

Section 2

This section of the bill limits the types of driver's license suspensions that qualify for a driver's license suspension amnesty period. DMV reports that the suspensions removed from this section are not currently eligible for the amnesty period. Therefore, Section 2 of the bill will have no revenue impact.

Section 4

This section of the bill specifies that the owner of a registered vehicle may not be charged more than \$200 per vehicle for a lapse in required motor vehicle insurance coverage rather than the current \$200 per person total. DMV indicates that this is current practice and will have no effect on the State Highway Fund, which are Other Funds of DOT.

Section 5

This section of the bill removes the existing fee due by a person who registers an uninsured motor vehicle and creates a reinstatement fee of \$600, which must be increased annually by DOI. Fifty percent of the fees are transferred to the Uninsured Enforcement Fund, which are Other Funds of DPS, and the remaining fifty percent are retained by the Uninsured Motorist Fund,

which are Other Funds of DMV. DMV reports the current amount of the fee for a person who chooses to register an uninsured motor vehicle is \$600 and that only one person currently utilizes this option instead of buying insurance. Therefore, we expect that this section of the bill will have a minimal impact on Other Funds of DPS and Other Funds of DMV.

Section 8

This section of the bill increases the total fee for 45-day temporary license plates issued by DMV or by counties from \$5 to \$10. The additional \$5 is credited to the state highway account of the SCTIB, pursuant to 56-3-910. DMV indicates that while counties are permitted to issue 45-day temporary plates, none currently do. The agency issued 60,468 temporary license plates in FY 2021-22. If these issuance rates continue, revenue to the SCTIB will increase by \$302,340 beginning in FY 2023-24.

The section also increases the fee for 45-day temporary plates issued by licensed dealers, leasing companies, and other entities by \$5, \$2.50 of which is credited to the SHF and \$2.50 of which is disbursed to the SCTIB. These entities issued approximately 410,600 temporary plates in FY 2021-22. Currently, issuing traceable temporary license plates at the point of sale from dealerships and other entities is optional. Section 12 of the bill changes the issuance to mandatory. Therefore, DMV anticipates an increase in the issuance of 45-day temporary plates. The total plates issued is undetermined; however, based on the FY 2021-22 data and assuming a similar pattern in the future, the SHF and the SCTIB will each experience an increase of at least \$1,026,000 each year.

In total, this section of the bill will increase revenue to the SCTIB by at least \$1,328,000 and will increase Other Funds revenue of DOT by at least \$1,026,000 beginning in FY 2023-24. However, the total increases in Other Funds revenue of DOT and revenue to the SCTIB are undetermined.

Sections 9 and 32

These sections of the bill repeal the issuance of the 30-day temporary license plate and replace it with a 45-day plate. The current fee for the 30-day temporary plate is \$20, of which \$2 is retained by DMV to be used for costs associated with the production and issuance of new license plates. The remaining \$18 is allocated to the SCTIB, which indicates that 73,759 30-day temporary license plates were issued in FY 2021-22. Assuming a similar pattern of plate issuance in FY 2024-25, repealing the issuance of these plates will decrease Other Funds revenue of DMV by \$147,518 and will decrease revenue to the SCTIB by \$1,327,662 in FY 2024-25.

As outlined in the revenue portion of Section 7 of the bill, the fee for the 45-day temporary license plate issued by DMV or counties is increased by \$5, and the revenue is credited to the SCTIB. Additionally, \$2.50 of the fee for the 45-day temporary license plate issued by licensed dealers, leasing companies, and other entities is disbursed to the SCTIB. The remaining \$2.50 of the fee is directed to the SHF. Assuming that the number of temporary plates remains constant, we expect revenue directed to the SCTIB from the 45-day license plates will account for the decrease the SCTIB will experience from the repeal of the 30-day license plates. Other Funds revenue of DOT will increase by at least \$184,397 in FY 2023-24.

Sections 10 and 33

Section 34 of the bill repeals the \$10 temporary license plate issued to a corporation for a motor vehicle used solely for research and development. The plate is valid for 120 days from the date of issuance and may be renewed by DMV. Section 9 of the bill replaces the repealed plate with a 45-day temporary license plate. Of each 45-day temporary plate fee, \$5 is credited to the SHF, regardless of the issuer. Of each plate that is issued by DMV, the agency retains \$5 for costs associated with the production and issuance of new license plates. DMV reports that there is no record of any temporary plates issued for the purposes of corporate research and development. Therefore, these sections of the bill will have no impact on Other Funds revenue of DMV or to Other Funds revenue of DOT.

Sections 11 and 30

Section 31 of the bill repeals the 15-day special permit issued to vehicles that have a delay in receiving a permanent plate, and Section 10 replaces the permit with a 45-day permit. The 15-day permit currently has no cost, and the 45-day permit will continue to be free under the bill. Therefore, there is no revenue impact attributed to these sections of the bill.

Section 12

Since DMV branch offices will no longer accept dealer transactions, the agency anticipates being able to transition some of its workforce to serve customers in other areas. This section will have no revenue impact on the agency.

Section 13

A quality assurance entity that contracts with DMV regarding electronic registration and titling shall charge a \$10 fee per vehicle sold by a motor vehicle dealer. Of this amount, \$2.50 will be credited to the SHF, \$2.50 will be retained by DMV and earmarked for the sole purpose of technology modernization, and the remaining \$5 will be retained by the quality assurance entity. DMV indicates that the SHF currently receives some of the funds related to electronic registration and titling but that it is collected differently in current law. Based on information from DMV, the SHF received \$1,019,000 in FY 2021-22 of fees collected pursuant to 56-3-2340(C), and in FY 2021-22, dealers completed 542,547 transactions. Assuming a similar number of transactions in FY 2023-24, we expect Other Funds revenue of DMV to increase by approximately \$1,356,000. The increase in Other Funds revenue of DOT will be offset by the \$1,019,000 it receives pursuant to 56-3-2340(C). Therefore, Other Funds revenue of DOT will increase by approximately \$337,000 in FY 2023-24.

Section 15

This section of the bill changes the term of a recreational vehicle dealer's license from twelve months to thirty-six months and increases the fee for the license from \$50 to \$150. While this will have no net effect, the change in term may affect the timing of revenue streams to the General Fund.

Additionally, this section imposes new fines related to the failure of a recreational vehicle dealer to secure a temporary or permanent license before selling a recreational vehicle. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. However, data are

unavailable to estimate the number of new offenses. Therefore, RFA anticipates this bill may result in an undetermined impact to General Fund and Other Funds revenue due to the increase in fines and fees collections in court.

Section 16

In instances of taxes or fees owed to the state that pertain solely to the process of buying, selling, titling, or registering vehicles by a recreational vehicle dealer, DMV may maintain a cause of action against the dealer's surety bond and may recover damages if the owed taxes and fees are not paid in full within the time period prescribed by law. A new bond must be provided to DMV every twelve months during the license period. Because of the change in a dealer's license term, this could affect revenues collected by DMV. However, the General Fund revenue impact of this section of the bill is undetermined.

Section 19

This section of the bill changes the term of a motor vehicle dealer's or wholesaler's license from twelve months to thirty-six months and increases the fee for the license from \$50 to \$150. While this will have no net effect, the change in term may affect the timing of revenue streams to the General Fund.

Additionally, this section imposes new fines related to the failure of a motor vehicle dealer or wholesaler to secure a license before selling a motor vehicle. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. However, data are unavailable to estimate the number of new offenses. Therefore, RFA anticipates this bill may result in an undetermined impact to General Fund and Other Funds revenue due to the increase in fines and fees collections in court.

Section 20

In instances of taxes or fees owed to the state that pertain solely to the process of buying, selling, titling, or registering vehicle by a motor vehicle dealer or wholesaler, DMV may maintain a cause of action against the dealer's surety bond and may recover damages if the owed taxes and fees are not paid in full within the time period prescribed by law. A new bond must be provided to DMV every twelve months during the license period. Because of the change in a dealer's license term, this could affect revenues collected by DMV. However, the General Fund revenue impact of this section of the bill is undetermined.

Section 24

This section of the bill changes the term of a motorcycle dealer's or motorcycle wholesaler's license from twelve months to thirty-six months and increases the fee for the license from \$50 to \$150. While this will have no net effect, the change in term may affect the timing of revenue streams to the General Fund.

Additionally, this section imposes new fines related to the failure of a motorcycle dealer or motorcycle wholesaler to secure a license before selling a motorcycle. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. However, data are unavailable to estimate the number of new offenses. Therefore, RFA anticipates this bill may result in an

undetermined impact to General Fund and Other Funds revenue due to the increase in fines and fees collections in court.

Section 25

In instances of taxes or fees owed to the state that pertain solely to the process of buying, selling, titling, or registering vehicle by a motorcycle dealer or motorcycle wholesaler, DMV may maintain a cause of action against the dealer's surety bond and may recover damages if the owed taxes and fees are not paid in full within the time period prescribed by law. A new bond must be provided to DMV every twelve months during the license period. Because of the change in a dealer's license term, this could affect revenues collected by DMV. However, the General Fund revenue impact of this section of the bill is undetermined.

Section 39

This section of the bill changes the term of driver training school licenses from twelve months to forty-eight months and increases the fee for the license from \$50 to \$200. While this will have no net effect, the change in term may affect the timing of revenue streams to the General Fund.

Local Expenditure

N/A

Local Revenue

This bill imposes new fines, which may result in an increase in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates this bill may result in an undetermined impact to local revenue due to the increase in fines and fees collections in court.

Amended by the Senate on March 29, 2023

State Expenditure

Section 1

This section of the bill amends DMV's driver's license reinstatement fee payment program. Currently, a person who has had his driver's license suspended may apply for a temporary license valid for no more than six months to allow time for payment of reinstatement fees. The bill increases the temporary license period to twelve months and allows DMV to provide the person with a fee schedule. It also allows the driver to make payments online, except for the first and final payments.

Currently, a person may only participate in the payment program once every three-year period. This bill expands the timing to once every two-year period but requires the person to complete a payment program before beginning payment for an additional suspension.

Lastly, Section 1 of the bill restricts the types of driver's license suspensions that qualify for a reinstatement fee payment program.

This section of the bill will have no expenditure impact on DMV because the agency will implement the bill within existing appropriations.

Section 2

This section of the bill limits the types of driver's license suspensions that qualify for a driver's license suspension amnesty period. DMV reports that the suspensions removed from this section are not currently eligible for the amnesty period. Therefore, Section 2 of the bill will have no expenditure impact on DMV.

Section 5

This section of the bill removes the \$550 fee due by a person who registers an uninsured motor vehicle, and, in its place, creates a reinstatement fee of \$600, which must be increased annually. The increase must be made at the beginning of the calendar year, based upon and in relation to the average rate level increases for private passenger automobile insurance coverages by insurers in South Carolina. DOI must set this fee and notify DMV by the first business day of October of each year of the amount. DOI indicates that this will be managed with existing resources and will have no expenditure impact.

Section 8

Section 8 of the bill relates to temporary license plates. DMV currently administers a program for and regulates the issuance of temporary plates for newly acquired vehicles. This section expands the program and issuance to all items required to be registered in the state and items that are purchased in the state that may be registered in a foreign jurisdiction. The agency is required to develop program terms, conditions, standards, and specifications for third parties who will be authorized to produce temporary license plates and temporary vehicle registration transactions. Additionally, the section restricts motor vehicle dealer associations who may sell or distribute temporary plates to associations in which at least thirty percent and no fewer than 200 members are licensed South Carolina motor vehicle dealers. DMV indicates that expenses related to this section of the bill will be implemented with existing appropriations.

Sections 9, 10, 11, 30, 31, 32, and 33

These sections of the bill relate to temporary license plates. Currently, there are three types of temporary plates issued by DMV: a 45-day tag issued to vehicles purchased and registered in the state, a 30-day tag issued to vehicles purchased in the state that will be registered in another state, and a 120-day tag issued to a corporation for a vehicle used solely for research and development. This bill standardizes the term for temporary license plates to 45 days.

Further, there is currently a 15-day special permit issued to vehicles who have a delay in receiving their permanent plate. The bill changes the term of the special permit to 45 days. DMV indicates that any expenditure impact to update their operations to meet the requirements of these sections of the bill will be minimal and will not require an immediate Other Funds authorization increase.

Section 12

This section of the bill requires licensed motor vehicle dealers to issue temporary motor vehicle registrations and temporary license plates directly from the dealership. Dealers are no longer allowed to obtain temporary registrations and plates from DMV's branch offices and must make attempts to apply to the agency electronically, including utilizing digital scans of forms approved

and provided by the agency. Licensed dealers are currently allowed, but not required, to issue registrations and plates. DMV anticipates increased General Fund expenses in order to provide an updated software solution that accepts scanned forms. The amount of the General Fund increase is undetermined as DMV's goal is to transition to a more modern driver, vehicle, and motor carrier records system as a whole and not purely for the purposes of this bill.

Additionally, since DMV branch offices will no longer accept dealer transactions, the agency anticipates being able to transition some of its workforce to serve customers in other areas. Therefore, DMV does not expect a cost savings as a result of this section of the bill.

Section 13

This section of the bill requires DMV to implement a quality assurance program to ensure the integrity of the electronic registration and titling program. The agency will solicit for a quality assurance entity, but DMV anticipates that the contract with this entity will have no expenditure impact.

Sections 15 and 19, and 24

These sections of the bill amend the term of recreational vehicle, motor vehicle dealer, wholesaler, and motorcycle dealer or wholesaler licenses from twelve months to thirty-six months. DMV indicates that the provisions of these sections will be implemented with existing appropriations. Therefore, there is no expenditure impact on DMV.

Additionally, these sections create new misdemeanors for various motor vehicle dealers and wholesalers who sell a vehicle without a license from DMV. This may result in an increase in the number of cases, or the duration of cases heard in court. The bill will have no expenditure impact on Judicial, the Commission on Prosecution Coordination, or the Commission on Indigent Defense. Any increase in caseloads can be managed within existing resources.

Section 23

This section of the bill establishes a points system for evaluating the performance record of any dealer licensed under Title 56. Further, the section creates a Dealer Sanction Review Board (board), which consists of the Executive Director of DMV or his designee, a DMV employee with expertise in dealer licensing, two non-franchise automobile dealers, and three franchise automobile dealers. DMV's Inspector General has the authority to issue sanctions based on findings during inspections and audits and may turn any records of sanctions over to law enforcement for criminal prosecution. DMV indicates there will be a minimal expenditure impact for sending letters via certified mail pursuant to 56-37-370(C). Additionally, once the provisions of the section are operationalized, DMV may need to request an administrative assistant for the board. Therefore, the expenditure impact of this section on the General Fund is undetermined.

Section 28

This section of the bill requires a dealer to properly title and, if applicable, register a used vehicle bought and held for resale within forty-five days after the sale. DMV indicates that the provisions of this section will be managed within existing appropriations.

State Revenue

Section 1

This section increases the \$40 administrative fee collected by DMV under the driver's license reinstatement fee payment program from \$35 to \$40 and allows DMV to retain \$5 of the fee to cover the cost of operating the program. Currently, all revenue from the administrative fee is directed to the State Highway Fund (SHF), which are Other Funds of DOT. This section of the bill takes effect twelve months after approval of the Governor. Based on revenues collected in FY 2021-22, and assuming a similar pattern in FY 2024-25, the bill will increase Other Funds revenue of DMV by approximately \$53,000 for the retention of the \$5 fee. There will be no revenue impact on Other Funds of DOT since the remainder of the fee, or \$35, will continue to be remitted to the SHF.

Additionally, Section 1 of the bill may increase the number of people who may participate in the program because it lowers the amount a person may owe before enrolling from \$300 to \$200. However, the bill may also decrease the number of people participating because of limits to driver's license suspensions that apply to the program. Moreover, the bill may affect the timing of revenue streams of DMV of DOT because the temporary license is valid for an additional six months, and a person may now participate in the program once every two years instead of once every three years.

Therefore, the total revenue impact on Other Funds of DMV and Other Funds of DOT is undetermined for this section of the bill.

Section 2

This section of the bill limits the types of driver's license suspensions that qualify for a driver's license suspension amnesty period. DMV reports that the suspensions removed from this section are not currently eligible for the amnesty period. Therefore, Section 2 of the bill will have no revenue impact.

Section 4

This section of the bill specifies that the owner of a registered vehicle may not be charged more than \$200 per vehicle for a lapse in required motor vehicle insurance coverage rather than the current \$200 per person total. DMV indicates that this is current practice and will have no effect on the State Highway Fund, which are Other Funds of DOT.

Section 5

This section of the bill removes the existing fee due by a person who registers an uninsured motor vehicle and creates a reinstatement fee of \$600, which must be increased annually by DOI. Fifty percent of the fees are transferred to the Uninsured Enforcement Fund, which are Other Funds of DPS, and the remaining fifty percent are retained by the Uninsured Motorist Fund, which are Other Funds of DMV. DMV reports the current amount of the fee for a person who chooses to register an uninsured motor vehicle is \$600 and that only one person currently utilizes this option instead of buying insurance. Therefore, we expect that this section of the bill will have a minimal impact on Other Funds of DPS and Other Funds of DMV.

Section 8

This section of the bill increases the total fee for 45-day temporary license plates issued by DMV or by counties from \$5 to \$10. The additional \$5 is credited to the state highway account of the SCTIB, pursuant to 56-3-910. DMV indicates that while counties are permitted to issue 45-day temporary plates, none currently do. The agency issued 60,468 temporary license plates in FY 2021-22. If these issuance rates continue, revenue to the SCTIB will increase by \$302,340 beginning in FY 2023-24.

The section also increases the fee for 45-day temporary plates issued by licensed dealers, leasing companies, and other entities by \$5, \$2.50 of which is credited to the SHF and \$2.50 of which is disbursed to the SCTIB. These entities issued approximately 410,600 temporary plates in FY 2021-22. Currently, issuing traceable temporary license plates at the point of sale from dealerships and other entities is optional. Section 12 of the bill changes the issuance to mandatory. Therefore, DMV anticipates an increase in the issuance of 45-day temporary plates. The total plates issued is undetermined; however, based on the FY 2021-22 data and assuming a similar pattern in the future, the SHF and the SCTIB will each experience an increase of at least \$1,026,000 each year.

In total, this section of the bill will increase revenue to the SCTIB by at least \$1,328,000 and will increase Other Funds revenue of DOT by at least \$1,026,000 beginning in FY 2023-24. However, the total increases in Other Funds revenue of DOT and revenue to the SCTIB are undetermined.

Sections 9 and 32

These sections of the bill repeal the issuance of the 30-day temporary license plate and replace it with a 45-day plate. The current fee for the 30-day temporary plate is \$20, of which \$2 is retained by DMV to be used for costs associated with the production and issuance of new license plates. The remaining \$18 is allocated to the SCTIB, which indicates that 73,759 30-day temporary license plates were issued in FY 2021-22. Assuming a similar pattern of plate issuance in FY 2024-25, repealing the issuance of these plates will decrease Other Funds revenue of DMV by \$147,518 and will decrease revenue to the SCTIB by \$1,327,662 in FY 2024-25.

As outlined in the revenue portion of Section 7 of the bill, the fee for the 45-day temporary license plate issued by DMV or counties is increased by \$5, and the revenue is credited to the SCTIB. Additionally, \$2.50 of the fee for the 45-day temporary license plate issued by licensed dealers, leasing companies, and other entities is disbursed to the SCTIB. The remaining \$2.50 of the fee is directed to the SHF. Assuming that the number of temporary plates remains constant, we expect revenue directed to the SCTIB from the 45-day license plates will account for the decrease the SCTIB will experience from the repeal of the 30-day license plates. Other Funds revenue of DOT will increase by at least \$184,397 in FY 2023-24.

Sections 10 and 33

Section 34 of the bill repeals the \$10 temporary license plate issued to a corporation for a motor vehicle used solely for research and development. The plate is valid for 120 days from the date of issuance and may be renewed by DMV. Section 9 of the bill replaces the repealed plate with a

45-day temporary license plate. Of each 45-day temporary plate fee, \$5 is credited to the SHF, regardless of the issuer. Of each plate that is issued by DMV, the agency retains \$5 for costs associated with the production and issuance of new license plates. DMV reports that there is no record of any temporary plates issued for the purposes of corporate research and development. Therefore, these sections of the bill will have no impact on Other Funds revenue of DMV or to Other Funds revenue of DOT.

Sections 11 and 30

Section 31 of the bill repeals the 15-day special permit issued to vehicles that have a delay in receiving a permanent plate, and Section 10 replaces the permit with a 45-day permit. The 15-day permit currently has no cost, and the 45-day permit will continue to be free under the bill. Therefore, there is no revenue impact attributed to these sections of the bill.

Section 12

Since DMV branch offices will no longer accept dealer transactions, the agency anticipates being able to transition some of its workforce to serve customers in other areas. This section will have no revenue impact on the agency.

Section 13

A quality assurance entity that contracts with DMV regarding electronic registration and titling shall charge a \$10 fee per vehicle sold by a motor vehicle dealer. Of this amount, \$2.50 will be credited to the SHF, \$2.50 will be retained by DMV and earmarked for the sole purpose of technology modernization, and the remaining \$5 will be retained by the quality assurance entity. DMV indicates that the SHF currently receives some of the funds related to electronic registration and titling but that it is collected differently in current law. Based on information from DMV, the SHF received \$1,019,000 in FY 2021-22 of fees collected pursuant to 56-3-2340(C), and in FY 2021-22, dealers completed 542,547 transactions. Assuming a similar number of transactions in FY 2023-24, we expect Other Funds revenue of DMV to increase by approximately \$1,356,000. The increase in Other Funds revenue of DOT will be offset by the \$1,019,000 it receives pursuant to 56-3-2340(C). Therefore, Other Funds revenue of DOT will increase by approximately \$337,000 in FY 2023-24.

Section 15

This section of the bill changes the term of a recreational vehicle dealer's license from twelve months to thirty-six months and increases the fee for the license from \$50 to \$150. While this will have no net effect, the change in term may affect the timing of revenue streams to the General Fund.

Additionally, this section imposes new fines related to the failure of a recreational vehicle dealer to secure a temporary or permanent license before selling a recreational vehicle. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. However, data are unavailable to estimate the number of new offenses. Therefore, RFA anticipates this bill may result in an undetermined impact to General Fund and Other Funds revenue due to the increase in fines and fees collections in court.

Section 16

In instances of taxes or fees owed to the state that pertain solely to the process of buying, selling, titling, or registering vehicles by a recreational vehicle dealer, DMV may maintain a cause of action against the dealer's surety bond and may recover damages if the owed taxes and fees are not paid in full within the time period prescribed by law. A new bond must be provided to DMV every twelve months during the license period. Because of the change in a dealer's license term, this could affect revenues collected by DMV. However, the General Fund revenue impact of this section of the bill is undetermined.

Section 19

This section of the bill changes the term of a motor vehicle dealer's or wholesaler's license from twelve months to thirty-six months and increases the fee for the license from \$50 to \$150. While this will have no net effect, the change in term may affect the timing of revenue streams to the General Fund.

Additionally, this section imposes new fines related to the failure of a motor vehicle dealer or wholesaler to secure a license before selling a motor vehicle. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. However, data are unavailable to estimate the number of new offenses. Therefore, RFA anticipates this bill may result in an undetermined impact to General Fund and Other Funds revenue due to the increase in fines and fees collections in court.

Section 20

In instances of taxes or fees owed to the state that pertain solely to the process of buying, selling, titling, or registering vehicle by a motor vehicle dealer or wholesaler, DMV may maintain a cause of action against the dealer's surety bond and may recover damages if the owed taxes and fees are not paid in full within the time period prescribed by law. A new bond must be provided to DMV every twelve months during the license period. Because of the change in a dealer's license term, this could affect revenues collected by DMV. However, the General Fund revenue impact of this section of the bill is undetermined.

Section 24

This section of the bill changes the term of a motorcycle dealer's or motorcycle wholesaler's license from twelve months to thirty-six months and increases the fee for the license from \$50 to \$100. DMV indicates that there are currently 47 motorcycle dealers in the state. Thus, over the thirty-six-month period, General Fund revenue will decrease by \$2,350.

Additionally, this section imposes new fines related to the failure of a motorcycle dealer or motorcycle wholesaler to secure a license before selling a motorcycle. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. However, data are unavailable to estimate the number of new offenses. Therefore, RFA anticipates this bill may result in an undetermined impact to General Fund and Other Funds revenue due to the increase in fines and fees collections in court.

Section 25

In instances of taxes or fees owed to the state that pertain solely to the process of buying, selling, titling, or registering vehicle by a motorcycle dealer or motorcycle wholesaler, DMV may maintain a cause of action against the dealer's surety bond and may recover damages if the owed taxes and fees are not paid in full within the time period prescribed by law. A new bond must be provided to DMV every twelve months during the license period. Because of the change in a dealer's license term, this could affect revenues collected by DMV. However, the General Fund revenue impact of this section of the bill is undetermined.

Local Expenditure

N/A

Local Revenue

This bill imposes new fines, which may result in an increase in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates this bill may result in an undetermined impact to local revenue due to the increase in fines and fees collections in court.

Amended by Senate Transportation on March 9, 2023

State Expenditure

Section 1

This section of the bill amends DMV's driver's license reinstatement fee payment program. Currently, a person who has had his driver's license suspended may apply for a temporary license valid for no more than six months to allow time for payment of reinstatement fees. The bill increases the temporary license period to twelve months and allows DMV to provide the person with a fee schedule. It also allows the driver to make payments online, except for the first and final payments.

Currently, a person may only participate in the payment program once every three-year period. This bill expands the timing to once every two-year period but requires the person to complete a payment program before beginning payment for an additional suspension.

Lastly, Section 1 of the bill restricts the types of driver's license suspensions that qualify for a reinstatement fee payment program.

This section of the bill will have no expenditure impact on DMV because the agency will implement the bill within existing appropriations.

Section 2

This section of the bill limits the types of driver's license suspensions that qualify for a driver's license suspension amnesty period. DMV reports that the suspensions removed from this section are not currently eligible for the amnesty period. Therefore, Section 2 of the bill will have no expenditure impact on DMV.

Section 5

This section of the bill removes the \$550 fee due by a person who registers an uninsured motor vehicle, and, in its place, creates a reinstatement fee of \$600, which must be increased annually. The increase must be made at the beginning of the calendar year, based upon and in relation to the average rate level increases for private passenger automobile insurance coverages by insurers in South Carolina. DOI must set this fee and notify DMV by the first business day of October of each year of the amount. DOI indicates that this will be managed with existing resources and will have no expenditure impact.

Section 7

Section 7 of the bill relates to temporary license plates. DMV currently administers a program for and regulates the issuance of temporary plates for newly acquired vehicles. This section expands the program and issuance to all items required to be registered in the state and items that are purchased in the state that may be registered in a foreign jurisdiction. The agency is required to develop program terms, conditions, standards, and specifications for third parties who will be authorized to produce temporary license plates and temporary vehicle registration transactions. Additionally, the section restricts motor vehicle dealer associations who may sell or distribute temporary plates to associations in which at least thirty percent and no fewer than 200 members are licensed South Carolina motor vehicle dealers. DMV indicates that expenses related to this section of the bill will be implemented with existing appropriations.

Sections 8, 9, 10, 31, 32, 33, and 34

These sections of the bill relate to temporary license plates. Currently, there are three types of temporary plates issued by DMV: a 45-day tag issued to vehicles purchased and registered in the state, a 30-day tag issued to vehicles purchased in the state that will be registered in another state, and a 120-day tag issued to a corporation for a vehicle used solely for research and development. This bill standardizes the term for temporary license plates to 45 days.

Further, there is currently a 15-day special permit issued to vehicles who have a delay in receiving their permanent plate. The bill changes the term of the special permit to 45 days. DMV indicates that any expenditure impact to update their operations to meet the requirements of these sections of the bill will be minimal and will not require an immediate Other Funds authorization increase.

Section 11

This section of the bill requires licensed motor vehicle dealers to issue temporary motor vehicle registrations and temporary license plates directly from the dealership. Dealers are no longer allowed to obtain temporary registrations and plates from DMV's branch offices and must make attempts to apply to the agency electronically, including utilizing digital scans of forms approved and provided by the agency. Licensed dealers are currently allowed, but not required, to issue registrations and plates. DMV anticipates increased General Fund expenses in order to provide an updated software solution that accepts scanned forms. The amount of the General Fund increase is undetermined as DMV's goal is to transition to a more modern driver, vehicle, and motor carrier records system as a whole and not purely for the purposes of this bill.

Additionally, since DMV branch offices will no longer accept dealer transactions, the agency anticipates being able to transition some of its workforce to serve customers in other areas. Therefore, DMV does not expect a cost savings as a result of this section of the bill.

Section 12

This section of the bill requires DMV to implement a quality assurance program to ensure the integrity of the electronic registration and titling program. The agency will solicit for a quality assurance entity, but DMV anticipates that the contract with this entity will have no expenditure impact.

Sections 14 and 18, and 24

These sections of the bill amend the term of recreational vehicle, motor vehicle dealer, wholesaler, and motorcycle dealer or wholesaler licenses from twelve months to thirty-six months. DMV indicates that the provisions of these sections will be implemented with existing appropriations. Therefore, there is no expenditure impact on DMV.

Additionally, these sections create new misdemeanors for various motor vehicle dealers and wholesalers who sell a vehicle without a license from DMV. This may result in an increase in the number of cases, or the duration of cases heard in court. The bill will have no expenditure impact on Judicial, the Commission on Prosecution Coordination, or the Commission on Indigent Defense. Any increase in caseloads can be managed within existing resources.

Section 23

This section of the bill establishes a points system for evaluating the performance record of any dealer licensed under Title 56. Further, the section creates a Dealer Sanction Review Board (board), which consists of the Executive Director of DMV or his designee, a DMV employee with expertise in dealer licensing, two non-franchise automobile dealers, and three franchise automobile dealers. DMV's Inspector General has the authority to issue sanctions based on findings during inspections and audits and may turn any records of sanctions over to law enforcement for criminal prosecution. DMV indicates there will be a minimal expenditure impact for sending letters via certified mail pursuant to 56-37-370(C). Additionally, once the provisions of the section are operationalized, DMV may need to request an administrative assistant for the board. Therefore, the expenditure impact of this section on the General Fund is undetermined.

Section 28

This section of the bill requires a dealer to properly title and, if applicable, register a used vehicle bought and held for resale within forty-five days after the sale. DMV indicates that the provisions of this section will be managed within existing appropriations.

State Revenue

Section 1

This section increases the \$40 administrative fee collected by DMV under the driver's license reinstatement fee payment program from \$35 to \$40 and allows DMV to retain \$5 of the fee to cover the cost of operating the program. Currently, all revenue from the administrative fee is

directed to the State Highway Fund (SHF), which are Other Funds of DOT. This section of the bill takes effect twelve months after approval of the Governor. Based on revenues collected in FY 2021-22, and assuming a similar pattern in FY 2024-25, the bill will increase Other Funds revenue of DMV by approximately \$53,000 for the retention of the \$5 fee. There will be no revenue impact on Other Funds of DMV since the remainder of the fee, or \$35, will continue to be remitted to the SHF.

Additionally, Section 1 of the bill may increase the number of people who may participate in the program because it lowers the amount a person may owe before enrolling from \$300 to \$200. However, the bill may also decrease the number of people participating because of limits to driver's license suspensions that apply to the program. Moreover, the bill may affect the timing of revenue streams of DMV of DOT because the temporary license is valid for an additional six months, and a person may now participate in the program once every two years instead of once every three years.

Therefore, the total revenue impact on Other Funds of DMV and Other Funds of DOT is undetermined for this section of the bill.

Section 2

This section of the bill limits the types of driver's license suspensions that qualify for a driver's license suspension amnesty period. DMV reports that the suspensions removed from this section are not currently eligible for the amnesty period. Therefore, Section 2 of the bill will have no revenue impact.

Section 4

This section of the bill specifies that the owner of a registered vehicle may not be charged more than \$200 per vehicle for a lapse in required motor vehicle insurance coverage rather than the current \$200 per person total. DMV indicates that this is current practice and will have no effect on the State Highway Fund, which are Other Funds of DOT.

Section 5

This section of the bill removes the existing fee due by a person who registers an uninsured motor vehicle and creates a reinstatement fee of \$600, which must be increased annually by DOI. Fifty percent of the fees are transferred to the Uninsured Enforcement Fund, which are Other Funds of DPS, and the remaining fifty percent are retained by the Uninsured Motorist Fund, which are Other Funds of DMV. DMV reports the current amount of the fee for a person who chooses to register an uninsured motor vehicle is \$600 and that only one person currently utilizes this option instead of buying insurance. Therefore, we expect that this section of the bill will have a minimal impact on Other Funds of DPS and Other Funds of DMV.

Section 7

This section of the bill increases the total fee for 45-day temporary license plates issued by DMV or by counties from \$5 to \$10. The additional \$5 is credited to the SHF, which are Other Funds of DOT. DMV indicates that while counties are permitted to issue 45-day temporary plates, none currently do. The agency issued 60,468 temporary license plates in FY 2021-22. If these

issuance rates continue, Other Funds of DOT will increase by \$302,340 beginning in FY 2023-24.

The section also increases the fee for 45-day temporary plates issued by licensed dealers, leasing companies, and other entities by \$5, which is credited to the SHF. These entities issued approximately 337,000 temporary plates in FY 2021-22. Currently, issuing traceable temporary license plates at the point of sale from dealerships and other entities is optional. Section 11 of the bill changes the issuance to mandatory. Therefore, DMV anticipates an increase in the issuance of 45-day temporary plates. The total plates issued is undetermined; however, based on the FY 2021-22 data and assuming a similar pattern in the future, the SHF will experience an increase of at least \$1,685,000 each year.

In total, this section of the bill will increase Other Funds revenue of DOT by at least \$1,987,500 beginning in FY 2023-24. However, the total increase in Other Funds revenue of DOT is undetermined.

Sections 8 and 33

These sections of the bill repeal the issuance of the 30-day temporary license plate and replace it with a 45-day plate. The current fee for the 30-day temporary plate is \$20, of which \$2 is retained by DMV to be used for costs associated with the production and issuance of new license plates. The remaining \$18 is allocated to the SCTIB, which indicates that 73,759 30-day temporary license plates were issued in FY 2021-22. Assuming a similar pattern of plate issuance in FY 2024-25, repealing the issuance of these plates will decrease Other Funds revenue of DMV by \$147,518 and will decrease revenue to the SCTIB by \$1,327,662 in FY 2024-25.

Please note, SCTIB has advised us that motor vehicle registration fees provided to the SCTIB are pledged to the repayment of debt service of outstanding revenue bonds. That pledge is legally binding on the SCTIB and the state. Any disruption in the flow of pledged revenues could have ramifications as follows:

- put the SCTIB at risk of not being able to meet the mandatory coverage requirements in the Master Revenue Bond Resolution;
- require an Electronic Municipal Market Access public disclosure for all SCTIB bondholders; and
- prompt rating agency reviews.

These results could impact the credit rating of the SCTIB and increase its interest costs on future bond issues and refundings. The total revenue decrease to the SCTIB is estimated to be \$23,897,916 over the remaining amortization period of the existing bonds of the SCTIB. This amount assumes \$1,327,662 each year over the next eighteen years to meet the SCTIB's debt service requirement.

As outlined in the revenue portion of Section 7 of the bill, the fee for the 45-day temporary license plate is increased by \$5, and the revenue is credited to the SHF. Assuming that the number of temporary plates remains constant, we expect Other Funds revenue of DOT to increase by \$368,795 in FY 2023-24.

Sections 9 and 34

Section 34 of the bill repeals the \$10 temporary license plate issued to a corporation for a motor vehicle used solely for research and development. The plate is valid for 120 days from the date of issuance and may be renewed by DMV. Section 9 of the bill replaces the repealed plate with a 45-day temporary license plate. Of each 45-day temporary plate fee, \$5 is credited to the SHF, regardless of the issuer. Of each plate that is issued by DMV, the agency retains \$5 for costs associated with the production and issuance of new license plates. DMV reports that there is no record of any temporary plates issued for the purposes of corporate research and development. Therefore, these sections of the bill will have no impact on Other Funds revenue of DMV or to Other Funds revenue of DOT.

Sections 10 and 31

Section 31 of the bill repeals the 15-day special permit issued to vehicles that have a delay in receiving a permanent plate, and Section 10 replaces the permit with a 45-day permit. The 15-day permit currently has no cost, and the 45-day permit will continue to be free under the bill. Therefore, there is no revenue impact attributed to these sections of the bill.

Section 11

Since DMV branch offices will no longer accept dealer transactions, the agency anticipates being able to transition some of its workforce to serve customers in other areas. This section will have no revenue impact on the agency.

Section 12

A quality assurance entity that contracts with DMV regarding electronic registration and titling shall charge a \$10 fee per vehicle sold by a motor vehicle dealer. Of this amount, \$2.50 will be credited to the SHF, \$2.50 will be retained by DMV and earmarked for the sole purpose of technology modernization, and the remaining \$5 will be retained by the quality assurance entity. DMV indicates that the SHF currently receives some of the funds related to electronic registration and titling but that it is collected differently in current law. Based on information from DMV, the SHF received \$1,019,000 in FY 2021-22 of fees collected pursuant to 56-3-2340(C), and in FY 2021-22, dealers completed 542,547 transactions. Assuming a similar number of transactions in FY 2023-24, we expect Other Funds revenue of DMV to increase by approximately \$1,356,000. The increase in Other Funds revenue of DOT will be offset by the \$1,019,000 it receives pursuant to 56-3-2340(C). Therefore, Other Funds revenue of DOT will increase by approximately \$337,000 in FY 2023-24.

Section 14

This section of the bill changes the term of a recreational vehicle dealer's license from twelve months to thirty-six months and increases the fee for the license from \$50 to \$150. While this will have no net effect, the change in term may affect the timing of revenue streams to the General Fund.

Additionally, this section imposes new fines related to the failure of a recreational vehicle dealer to secure a temporary or permanent license before selling a recreational vehicle. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. However, data are

unavailable to estimate the number of new offenses. Therefore, RFA anticipates this bill may result in an undetermined impact to General Fund and Other Funds revenue due to the increase in fines and fees collections in court.

Section 15

In instances of taxes or fees owed to the state that pertain solely to the process of buying, selling, titling, or registering vehicles by a recreational vehicle dealer, DMV may maintain a cause of action against the dealer's surety bond and may recover damages if the owed taxes and fees are not paid in full within the time period prescribed by law. A new bond must be provided to DMV every twelve months during the license period. Because of the change in a dealer's license term, this could affect revenues collected by DMV. However, the General Fund revenue impact of this section of the bill is undetermined.

Section 18

This section of the bill changes the term of a motor vehicle dealer's or wholesaler's license from twelve months to thirty-six months and increases the fee for the license from \$50 to \$150. While this will have no net effect, the change in term may affect the timing of revenue streams to the General Fund.

Additionally, this section imposes new fines related to the failure of a motor vehicle dealer or wholesaler to secure a license before selling a motor vehicle. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. However, data are unavailable to estimate the number of new offenses. Therefore, RFA anticipates this bill may result in an undetermined impact to General Fund and Other Funds revenue due to the increase in fines and fees collections in court.

Section 19

In instances of taxes or fees owed to the state that pertain solely to the process of buying, selling, titling, or registering vehicle by a motor vehicle dealer or wholesaler, DMV may maintain a cause of action against the dealer's surety bond and may recover damages if the owed taxes and fees are not paid in full within the time period prescribed by law. A new bond must be provided to DMV every twelve months during the license period. Because of the change in a dealer's license term, this could affect revenues collected by DMV. However, the General Fund revenue impact of this section of the bill is undetermined.

Section 24

This section of the bill changes the term of a motorcycle dealer's or motorcycle wholesaler's license from twelve months to thirty-six months and increases the fee for the license from \$50 to \$150. While this will have no net effect, the change in term may affect the timing of revenue streams to the General Fund.

Additionally, this section imposes new fines related to the failure of a motorcycle dealer or motorcycle wholesaler to secure a license before selling a motorcycle. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. However, data are unavailable to estimate the number of new offenses. Therefore, RFA anticipates this bill may result in an

undetermined impact to General Fund and Other Funds revenue due to the increase in fines and fees collections in court.

Section 25

In instances of taxes or fees owed to the state that pertain solely to the process of buying, selling, titling, or registering vehicle by a motorcycle dealer or motorcycle wholesaler, DMV may maintain a cause of action against the dealer's surety bond and may recover damages if the owed taxes and fees are not paid in full within the time period prescribed by law. A new bond must be provided to DMV every twelve months during the license period. Because of the change in a dealer's license term, this could affect revenues collected by DMV. However, the General Fund revenue impact of this section of the bill is undetermined.

Local Expenditure

N/A

Local Revenue

This bill imposes new fines, which may result in an increase in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates this bill may result in an undetermined impact to local revenue due to the increase in fines and fees collections in court.



Frank A. Rainwater, Executive Director