

# Senate Committee on Transportation and Homeland Security

October 13, 2010

## TxDMV Registration Fee Simplification Bill Impact

Presented by:  
Texas Department of Motor Vehicles  
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**Texas Department of Motor Vehicles**  
HELPING TEXANS GO. HELPING TEXAS GROW.

## Projected Revenue for FY2012 – FY2015

The following analysis compares the estimated revenue received from vehicle registrations for the three years FY2012 through FY2014. The calculations are based on a 1.5% annual increase in FY2010 registrations to estimate registrations for FY2012-FY2014. The Revenue Change compares FY2012 revenue based on FY2010 average fees with fees established in HB2553 during the 81st Legislative Session.

The original revenue neutral fee simplification calculations used for HB2553 were based on FY2007 fees and registrations and a 2.6% annual increase to estimate registrations for FY2012-FY2014. The percentage of annual increase has been reduced from 2.6% to 1.5% due to current economic trends.

You will notice that there is a substantial difference in the Annual Change from the “Revenue Neutral” analysis provided during the 81<sup>st</sup> Legislative Session and analysis performed with FY2010 data. Fluctuations in the Passenger Vehicle and Light Truck categories resulted in a change from an overall projected gain of \$329,523 (Revenue Neutral Analysis) to a projected annual loss of (\$18,738,868) in FY 2012 using the more current data. It was verified that Light Trucks were being registered at heavier weights during this period (detailed below) which resulted in a higher average registration fee for this vehicle category.

With the volume of vehicles (6.5M) in the Light Truck registration category, any change in the average fee significantly impacts revenue estimates. In this case, to reverse the estimated loss a \$3.00 increase in the fee for Light Trucks would be required. Even with a \$3.00 increase of the HB2553 fee, it would still be less than the current average fee for Light Trucks in Texas, and would rank 38th among other states for this fee category.

Fee Description	Projected Number of Registrations for FY2012 based on annual 1.5% increase from FY2010	(A)		(B)		(B) - (A)	Based on increase of Light Trucks fee from \$50.75 to \$53.75
		Current Average Fees		Based on HB2553 - 09/01/2011		FY2012	
Registration Fees		2010 Fees	Estimated * FY2012 Revenue	HB2553 Fees	Estimated * FY2012 Revenue	Revenue Change	
1 Motorcycles and Mopeds	472,297	\$30.00	\$14,168,910	\$30.00	\$14,168,910	\$0	→
2 0 - 6,000 lbs trailers	1,140,472	\$37.35	\$42,596,629	\$45.00	\$51,321,240	\$8,724,611	→
3 Passenger Vehicles	13,201,652	\$50.61	\$668,135,608	\$50.75	\$669,983,839	\$1,848,231	→
4 Light Trucks	6,500,877	\$56.42	\$366,779,480	\$50.75	\$329,919,508	(\$36,859,973)	(\$17,357,342)
<b>Weight Classification Registration Fees</b>							
5a 6,001-10,000 lbs	253,871	\$65.26	\$16,567,621	\$54.00	\$13,709,034	(\$2,858,587)	→
5b 10,001 - 18,000 lbs	203,861	\$116.78	\$23,806,888	\$110.00	\$22,424,710	(\$1,382,178)	→
5c 18,001 - 25,999 lbs	94,932	\$213.15	\$20,234,756	\$205.00	\$19,461,060	(\$773,696)	→
5d 26,000 - 40,000 lbs	45,311	\$301.84	\$13,676,672	\$340.00	\$15,405,740	\$1,729,068	→
5e 40,001 - 54,999 lbs	48,797	\$496.19	\$24,212,583	\$535.00	\$26,106,395	\$1,893,812	→
5f 55,000 - 70,000 lbs	16,250	\$701.28	\$11,395,800	\$740.00	\$12,025,000	\$629,200	→
5g 70,001 - 80,000 lbs	68,222	\$674.43	\$46,010,963	\$840.00	\$57,306,480	\$11,295,517	→
5h Over 80,000 lbs	-	Varies	Varies	Varies	Varies	Special Permit	
		<b>TOTAL:</b>	<b>\$1,247,585,911</b>	<b>TOTAL:</b>	<b>\$1,231,831,916</b>		

\* Based on 1.5% annual increase in number of registrations

FY2012	Sub-Total:	(\$15,753,995)	\$3,748,636
	Miscellaneous Fees:	(\$2,984,872)	→
	Annual Change:	(\$18,738,868)	\$763,763

	(A)	(B)	(A) - (B)	Annual Changes
	Projected with Current Average Fees.	Projected with HB2553 Fees.	Annual Changes	Annual Changes
FY2012	\$1,247,585,911	\$1,231,831,916	(\$15,753,995)	\$3,748,636
FY2013	\$1,266,299,772	\$1,250,309,436	(\$15,990,336)	\$3,804,834
FY2014	\$1,285,294,235	\$1,269,064,095	(\$16,230,140)	\$3,861,958
THREE YEAR TOTAL	\$3,799,179,918	\$3,751,205,447	(\$47,974,471)	\$11,415,428
		FY2012 - FY2014 Miscellaneous Fees:	(\$9,089,607)	(\$9,089,607)
		FY2012 - FY2014 Total Change:	(\$57,064,078)	\$2,325,821

The review of vehicle registrations for the past three years indicates that the federal “Cash for Clunkers” initiative did create an increase in new passenger vehicle purchases in 2009. The result of these purchases caused an increase in the average registration fees for passenger vehicles in 2009. However, this spike in passenger and light truck sales is expected to drop since the federal program was not extended.

**PASSENGER VEHICLES**

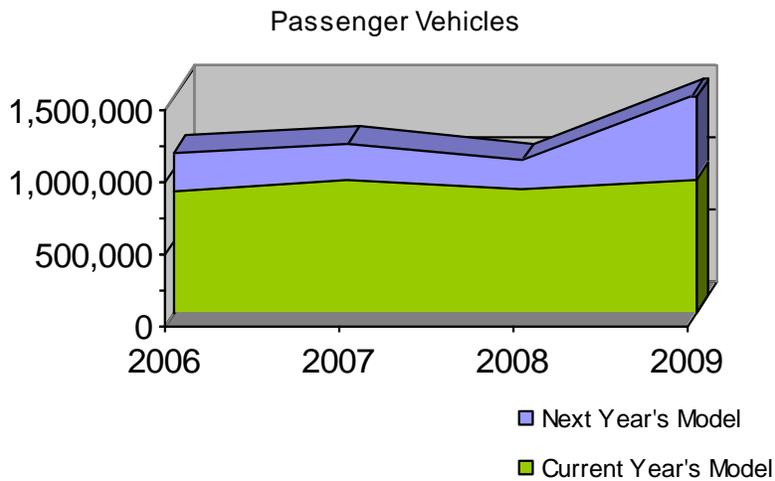
Current passenger vehicle registration (pre-fee simplification) is based on three brackets according to the age of the vehicle. For 2009 the brackets were:

- 2007 and newer: \$58.80
- 2004, 2005, & 2006: \$50.80
- 2003 and older: \$40.80

Analysis of the registration shows:

- In 2007, 26.34% were in the new bracket, with an average \$50.01 fee.
- In 2008, 25.57% were in the new bracket, with an average \$50.51 fee.
- In 2009, 30.00% were in the new bracket, with an average \$50.67 fee.
- (FY2010 average registration fee is \$50.61)

The following graph displays the increase in the New Year Model (2010) passenger vehicles in 2009 apparently as a result in the federal “Cash for Clunkers” initiative.



**LIGHT TRUCKS**

Light Truck registration is based on a base fee plus an additional fee per 100 lb. weight brackets. Analysis shows an increase in new trucks in 2009 along with an increase in the weight of those trucks being purchased. These two trends resulted in an increase in the average registration fees from \$54.54 in 2007 to \$56.04 for Light Trucks in 2009.

Analysis of the registration shows:

- In 2007, 21.20% were in the new bracket, with an average \$54.54 fee.  
 Weight categories- 0 – 6,000: 71.2%  
                           6,001 and above: 28.8%
- In 2008, 20.26% were in the new bracket, with an average \$55.36 fee.  
 Weight categories- 0 – 6,000: 69.2%  
                           6,001 and above: 30.8%
- In 2009, 23.61% were in the new bracket, with an average \$56.04 fee.  
 Weight categories- 0 – 6,000: 67.6%  
                           6,001 and above: 32.4%
- (FY2010 average registration fee is \$56.42)

The following graph displays the increase in the New Year Model (2010) Light Trucks in 2009 apparently as a result in the federal “Cash for Clunkers” initiative.

