

FINAL BILL REPORT

ESHB 2643

Synopsis as Enacted

C 216 L 92

Brief Description: Restructuring reimbursement of vehicle licensing and registration activities.

By House Committee on Transportation (originally sponsored by Representatives Cooper and R. Fisher).

House Committee on Transportation
Senate Committee on Transportation

Background: Beginning with the 1987 legislative session, the Legislature has annually considered proposals for increasing county auditor (agent) filing and motor vehicle subagent licensing service fees. During the 1991 session, the Legislature enacted a new fee structure for motor vehicle subagents. This fee increase expires on June 30, 1992, unless there is legislative action.

In the 1991 transportation budget, the Legislative Transportation Committee was directed to study the fee structures associated with motor vehicle licensing. The issues that were studied included: (1) aligning the fees with the cost of transactions; (2) reimbursing small counties that lose money by providing motor vehicle licensing service; and (3) considering what counties should do with surplus revenue generated by filing fees. In addition, the interim study tried to resolve two questions that remained unanswered by a 1990 Department of Licensing (DOL) study. The 1990 study did not resolve (1) the problem of allocating current or future costs of the County Auditor Automation Program system, and (2) the revenue and cost of providing motor vehicle licensing services.

During the 1990 calendar year, county revenues totalled \$16.8 million, while costs totalled \$6.8 million. The counties produced a surplus income of \$10 million during 1990. The 130 subagents had total revenue of \$8.7 million and costs of \$8.5 million. Subagent owners received salaries and net income of \$1.8 million during 1990.

During the 1991 study, 11 counties submitted data showing losses of \$225,000. During the 1990 study, nine counties submitted data showing losses of \$131,000.

Summary: The expiration date of June 30, 1992, for the subagent fee increase is removed. The \$2.00 service fee is increased. The fee to be charged by subagents for a title transaction with or without a registration renewal is set at \$5.50. A transaction fee for preparation and verification of titles is established at \$5.50. A fee of \$2.25 is established for registration renewal, transit permits, or any other service by a subagent.

The subagent appointment process is made statutory. Subagent appointments are subject to normal county procurement procedures, with the exception of the low-bid provision.

Standard contracts are to be used in the relationships between the DOL and a county, and a county and a subagent.

Minimum contract terms are defined. Contracts must describe service expectations, equipment responsibilities, insurance or bond requirements, training and procedures for termination of the contract.

The director of DOL is given authority to require or waive any provision necessary to ensure acceptable service, full collection of motor vehicle tax revenues, and to ensure that service is provided to all citizens.

A 50 cent fee is imposed on all new and renewal vehicle license fees. The fee is deposited in the new Department of Licensing Services Account in the Motor Vehicle Fund. Monies deposited into this account must be appropriated and used only for information and service systems for the department, and for reimbursing counties that do not cover their costs of providing motor vehicle licensing services as an agent of the state.

The department must define and standardize allowable costs that may be charged to vehicle licensing activities by the counties.

A statutory advisory committee is created. The Title and Registration Advisory Committee is to foster communication between the county auditors, subagents, DOL and the Legislature. The committee will make recommendations regarding revisions to the fee structure, cost sharing, and the development of standard contracts. The advisory committee is composed of three representatives from DOL, two county auditors, two subagents and two members each from the Senate and House Transportation committees. The director of the department is to serve as chair.

Votes on Final Passage:

House	65	33	
Senate	32	16	(Senate amended)
House	81	15	(House concurred)

Effective: June 11, 1992