

HOUSE BILL REPORT

ESHB 2643

As Amended by the Senate

Title: An act relating to vehicle licensing and registration activities.

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

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

Brief History:

Reported by House Committee on:
Transportation, February 6, 1992, DPS;
Passed House, February 17, 1992, 65-33;
Amended by Senate.

**HOUSE COMMITTEE ON
TRANSPORTATION**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 27 members: Representatives R. Fisher, Chair; R. Meyers, Vice Chair; Betrozoff, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Basich; Brough; Cantwell; Cooper; Day; G. Fisher; Forner; Haugen; Heavey; Horn; P. Johnson; R. Johnson; Jones; Kremen; Mitchell; Nelson; Orr; Prentice; Prince; Schmidt; Wilson; Wood; and Zellinsky.

Staff: Brad Lovaas (786-7307).

Background: During the past six legislative sessions, there have been proposals for increasing county auditor filing (agent) 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 will expire on June 30, 1992 without legislative action.

In the 1991 transportation budget, the Legislative Transportation Committee (LTC) was mandated to study the fee structures associated with motor vehicle licensing. The issues that were studied included: 1) the aligning of fees with the cost of transactions; 2) how to make whole small counties that lose money by providing motor vehicle licensing service; and 3) what should counties do with surplus revenue generated by filing fees enacted by the

Legislature. In addition, this interim study tried to resolve two questions remaining unanswered by the 1990 Department of Licensing (DOL) study.

The 1990 study, which was mandated by the 1990 Legislature and later adopted by the LTC, did not resolve how to allocate current or future costs of the County Auditor Automation Program (CAAP) system.

The study mandated by the 1991 Legislature reviewed the revenues and costs of providing motor vehicle licensing services.

During the 1990 calendar year, the counties had revenues of \$16.8 million and total costs of \$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 1990 study, nine counties submitted data showing that they lost \$131,000. During the 1991 study, 11 counties submitted data showing they lost \$225,000.

Summary of Bill: The expiration date of June 30, 1992, on the subagent fee increase granted during the 1991 legislative session is removed. The previous service fee of \$2.00 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, for transit permits, or for any other service by a subagent.

The appointment process of subagents is brought into statute. Subagent appointments are subject to normal county procurement procedures, except 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 shall describe service expectations, equipment responsibilities, insurance or bond requirements, training and procedures for termination of the contract.

The director of the Department of Licensing 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 county auditor's (agents) service fee is created on renewal transaction of \$2.25. Mail-in renewals to county auditors are not subject to the service fee of \$2.25.

The service fee to be charged by county auditors is to be remitted to the department for deposit into a 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.

Any county revenue that exceeds the cost of providing motor vehicle licensing shall be used only for transportation purposes as defined currently in statute and is expanded to include motor vehicle licensing and county sheriff activities.

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

A statutory advisory committee is enacted. The Title and Registration Advisory Committee is to foster communication between the county auditors, subagents, DOL and the Legislature. The committee will make recommendations about revisions to the fee structure, cost sharing, and the development of standard contracts.

The advisory committee is to be comprised of three people 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.

EFFECT OF SENATE AMENDMENT(S): The \$2.25 county auditor service fee is replaced with a 50 cent fee on all vehicle renewals. The provision earmarking surplus motor vehicle licensing fees to transportation purposes is deleted.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The subagent fee increase enacted during the 1991 session will be extended. More organization and accountability will be brought to the vehicle licensing system.

A method of funding current and future automated licensing systems will be provided.

Testimony Against: The small county revenue problem will not be solved. The balance of members on the Title and Registration Advisory Committee needs to be changed.

Witnesses: Jim Buck, Washington State Association of County Auditors (con); Karen Flynn, Washington State Association of County Auditors (con); Fred Saeger, Washington Association of County Officials (con); Dena McCallum, Washington Association of Vehicle Subagents (pro); Betti Sheldon, Bremerton Area Chamber of Commerce (pro); and John Swannack, Department of Licensing (pro).

VOTE ON FINAL PASSAGE:

Yeas 65: Nays 33

Nays: Representatives Ballard, Bowman, Bray, Brumsickle, Casada, Chandler, Cole, Edmondson, Fraser, Fuhrman, Grant, Haugen, Hochstatter, Inslee, Johnson P, Lisk, Ludwig, McLean, Mielke, Morris, Morton, Moyer, Nealey, Neher, Ogden, Orr, Padden, Prince, Rayburn, Rust, Schmidt, Silver, Tate