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FISCAL IMPACT REPORT

SPONSOR Taylor DATE TYPED 2/11/05 HB 556

SHORT TITLE Improve MVD Customer Service SB _____

ANALYST Rosen

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$4,000.0		Indeterminate	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB39 and HB201

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

No Responses Received From
Taxation and Revenue Department (TRD)
Governor's Office (GO)

SUMMARY

Synopsis of Bill

House Bill 556 appropriates \$4 million from the general fund to the motor vehicle division (MVD) of TRD for expenditure in FY06 to improve customer service, including expansion of staff and increasing salaries of staff. At least \$800,000 of this appropriation shall be allocated for municipal agents.

Significant Issues

MVD's need for additional, recurring funding to increase effective staffing rates, reduce customer wait times, reduce backlog of vehicle title searches, enable management to visit field offices, and re-write the Motor Vehicle Code to improve code enforcement and fee collections is

clear. Withholding of federal road funds because of non-compliance with federal requirements due to reduced staffing levels is a concern for MVD. Motor vehicle clerks are currently classified at grade 45 and paid a minimum of \$9.63 per hour to provide a complex range of legal and technical services related to the Motor Vehicle Code and the Tax Code with respect to the sale of motor vehicles, boats, and trailers. Additional allocation of funds to municipal agents and in-band pay increases to bring motor vehicle clerks to 85 percent of mid-point, or \$11.38 per hour, may reduce the current turnover rate of 33 percent, improve morale, and allow for better customer service.

PERFORMANCE IMPLICATIONS

In FY04, MVD failed to meet its goal of a 15-minute average wait time in high-volume MVD offices, reporting average wait times of more than 35 minutes. This bill may help MVD achieve better performance results.

FISCAL IMPLICATIONS

The appropriation of \$4 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The LFC FY06 budget recommendation for MVD included an additional \$1.6 million in general fund for an MVD expansion request for maintenance of its minimum service levels and an additional \$3.8 million in other program revenues as a result of proposed MVD administrative service fee increases (\$2.8 million) and expected revenue from the equitable re-sale of MVD data (\$1 million).

House Bill 39 increases MVD administrative fees from 50 cents to 1 dollar, expected to generate approximately \$1.2 million in revenue for municipalities, the state Road Fund and local governments.

HB201 raises MVD administrative fees from 50 cents to 2 dollars, expected to generate approximately \$2.8 million in revenue for MVD.

JR/njw