



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Fiscal Note

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### **H.53 – An act relating to driver’s license suspensions**

*As Recommended by the House Committee on Judiciary*

<https://legislature.vermont.gov/Documents/2024/Docs/BILLS/H-0053/H-0053%20As%20Introduced.pdf>

#### **Bill Summary**

This bill proposes to eliminate the suspension of a driver’s license or privilege to operate<sup>1</sup> based on the nonpayment of amounts due for traffic violations for which the imposition of points is authorized by law (“moving violations”).

**H.53 is expected to reduce Transportation Fund revenues by approximately \$200,000 annually and may have uncertain impacts to court special funds.**

#### **Fiscal Impact**

JFO estimates the bill would have a fiscal impact of approximately \$200,000 in foregone annual revenue to the Transportation Fund due to fewer license reinstatement fees. Court-related special funds may also see revenue impacts if H.53 alters individual behavior with respect to payment plan participation and timely payment of amounts due.

#### **Background and Details**

Under current law, an individual is allowed 30 days to pay the amount due from a traffic violation for which the imposition of points against the person’s driving record is authorized by law (frequently called a “moving violation”).<sup>2</sup> The “amount due” consists of all financial assessments contained in a Judicial Bureau judgment, including penalties, fines, surcharges, court costs, and any other assessments authorized by law. Failure to pay the amount due by the 30-day deadline results in a license suspension for 30 days or until the amount due is satisfied (whichever is earlier). Additionally, the Judicial Bureau issues a \$30 fee for failure to pay within 30 days, which is added to the amount due and deposited in the Court Technology Special Fund when paid.<sup>3</sup> Statute also authorizes an \$80 fee to reinstate a suspended or revoked driver’s license, though this fee may be reduced or waived by a hearing officer.<sup>4</sup> Revenue from this fee is directed to the Transportation Fund.

<sup>1</sup> A “driver’s license” is compliant with the REAL ID Act of 2005 and available to U.S. citizens or legally present foreign nationals. A “privilege card” is available to Vermont residents without requiring proof of U.S. citizenship or legal presence. For simplicity, this Fiscal Note will refer to both as “licenses.”

<sup>2</sup> [23 V.S.A. § 4\(44\)](#).

<sup>3</sup> [4 V.S.A. §1109](#)

<sup>4</sup> [23 V.S.A. §675](#). Note that a person who fails to respond to a violation within 21 days may also be subject to a \$20 failure to answer fee, which accrues to the Court Technology Special Fund per [4 V.S.A. §1105](#).

Current law requires the Judicial Bureau to offer payment plans to individuals to avoid suspension from failure to pay the amount due. These payment plans shall not require payments of more than \$30 per traffic violation judgment per month, not to exceed \$100 per month if the individual has four or more outstanding judgments. H.53 maintains this provision but clarifies that payment plans shall be made available for all individuals, as other elements of H.53 propose to eliminate the possibility of suspensions solely for failure to pay amounts due. This clarification is not expected to significantly change existing Judicial Bureau payment plan practices.

Act 147 (2016) previously eliminated the suspension of a license for failure to pay amounts due for *non-moving* traffic violations for which *no* points are authorized. H.53 proposes to eliminate the suspension of a driver’s license on the basis of an individual failing to pay a judgment on a traffic violation for which the imposition of points *is* authorized.<sup>5</sup> The Judicial Bureau may engage collection agencies, offset State tax refunds (assuming the individual is entitled to a Vermont tax refund), or initiate civil contempt proceedings to recover the amount due if a defendant fails to pay after 75 days and is not currently complying with a payment plan (though civil contempt proceedings are rarely pursued).

The bill would take effect on passage. Upon the effective date, driver’s licenses can no longer be prospectively suspended solely for the nonpayment of amounts due from traffic violations for which points are authorized. License suspensions would continue to be permitted for behavioral offenses (e.g., accumulating 10 or more points, driving while under the influence). H.53 does not explicitly address any pre-existing license suspensions due to nonpayment of amounts due that are already in effect at the time of passage, but current law caps the duration of those suspensions to 30 days. Once the 30-day period elapses, a license can then be restored upon successful application, payment of the reinstatement fee, and compliance with any other conditions imposed.

## Fiscal Impact

Table 1 shows how revenue from traffic violations on state highways, including those for which points are authorized, are allocated:<sup>6</sup>

Table 1: Allocation of State Traffic Violation Revenues by Fund	
Penalties and Surcharges	Fund Receiving Revenue
Amount of Civil Traffic Penalty	Transportation Fund
Judicial Bureau Surcharge (15% of civil penalty amount)	Crime Victims’ Restitution Special Fund
Judicial Bureau Surcharge (\$47 per violation):	
\$29.75	Victims Compensation Special Fund
\$10.00	Domestic Violence & Sexual Violence Special Fund
\$7.25	General Fund
Court Technology Fee (\$12.50 per violation)	Court Technology Special Fund
Judicial Bureau Late Payment Fee (\$30)	Court Technology Special Fund
Judicial Bureau Failure to Answer Fee (\$20)	Court Technology Special Fund
DMV License Reinstatement Fee (\$80)	Transportation Fund

No provisions of H.53 explicitly modify existing financial penalties or surcharges for committing specific traffic violations. However, the bill may impact State revenues in several ways:

- **Fewer license reinstatement fees will cost the Transportation Fund approximately \$200,000 of annual revenue.** Statute calls for an \$80 reinstatement fee to be paid to the Department of Motor Vehicles (D.M.V.) to restore a suspended or revoked license.<sup>7</sup> Revenue from this fee is deposited into the Transportation Fund (which receives approximately \$300 million annually from all State tax and fee sources). The reinstatement fee may be waived or reduced by a hearing officer on the basis

<sup>5</sup> For a full list of traffic violations and their associated points, see <https://dmv.vermont.gov/enforcement-and-safety/violation-codes/vermont-violation-codes>

<sup>6</sup> Funds from certain moving violations enforced by towns within the jurisdiction of the town are remitted to the town by formula, per [13 V.S.A. § 7251](#).

<sup>7</sup> [23 V.S.A. § 675](#)

of a defendant's driving history, ability to pay, service to the community, collateral consequences of the violation, or the interests of justice.<sup>8</sup> H.53 proposes no changes to these provisions but would result in fewer license suspensions and therefore fewer reinstatement fees paid.

		2022
1	<b>Total Number of Suspensions Imposed (DMV)</b>	12,770
2	<b>Unique Individual Suspensions Imposed (DMV)</b>	9,251
3	<i>Ratio of Unique Individual Suspensions to Total Suspensions (2/1)</i>	0.72
4	<b>Total Number of Suspensions for Nonpayment of Traffic Violations (DMV)</b>	5,507
5	<i>Percent of Total Number of Suspensions Imposed (4/1)</i>	43.1%
6	<b>Unique Individual Suspensions for Nonpayment of Traffic Violations (DMV)</b>	3,999
7	<i>Percent of Unique Individual Suspensions for Nonpayment of Traffic Violations (6/2)</i>	43.2%
8	<b>Reinstatement Fees Paid (DMV)</b>	\$ 423,680
9	JFO Preliminary Estimate - Foregone Revenue If No Traffic Violation Suspensions (7*8)	\$ 183,147

Source: JFO analysis of DMV data.

According to the D.M.V., 3,999 unique individual licenses were suspended during calendar year 2022 for nonpayment of amounts due for traffic moving violations – 43 percent of the total unique license suspensions imposed.<sup>9</sup>

Due to data limitations and known variables, it is not possible to precisely predict the fiscal impact of this legislation from year to year. There is not a perfect correlation between the number of license suspensions and reinstatements because an individual may have multiple suspensions imposed against them for multiple unpaid violations yet pay one reinstatement fee to restore their license. Additionally, not all suspended licenses are promptly reinstated and hearing officers have the discretion to reduce or waive the reinstatement fee, so it cannot be assumed that all individuals apply to have their license restored or pay the full \$80 reinstatement fee. An individual may also have a license suspended for both nonpayment of traffic violations and other issues that would not be impacted by H.53. Additionally, data on suspensions is tracked on a calendar year basis while revenues collected are tracked on a fiscal year basis. While an informed estimate can be generated, it should be considered preliminary and subject to yearly fluctuation due to these factors.

Regardless of the number of suspensions involved, the individual is responsible for paying one reinstatement fee to restore their license. Estimates, therefore, must be based on assumptions about the number of *unique individual license suspensions* that would be restored rather than solely on the *total number of suspensions imposed*. Based on analysis in *Table 2*, and focusing on unique individual suspensions, H.53 could result in approximately \$200,000 of foregone Transportation Fund revenue annually if no more licenses were suspended due to nonpayment of amounts due for traffic moving violations. Actual fiscal impacts are expected to vary from year to year for the reasons stated above. To highlight the range of possible annual variability, from FY 2021 to FY 2022, actual reinstatement fee revenue

<sup>8</sup> 4 V.S.A. § 1109(4)(B)

<sup>9</sup> Per DMV testimony to the House Judiciary Committee, January 27, 2023 and February 7, 2023:

<https://legislature.vermont.gov/Documents/2024/WorkGroups/House%20Judiciary/Bills/H.53/Witness%20Testimony/H.53~Michael%20Smith~Summary%20of%202016-2022%20Suspensions~1-27-2023.pdf>

collected from all types of suspensions fluctuated from \$532,000 to \$424,000 (respectively) and averaged \$478,000. Absent more precise data, it is reasonable to assume that approximately 43 percent of this reinstatement fee revenue (approximately \$200,000 annually) would no longer be owed or collected in future years under H.53.

- **Processing fewer license suspensions and reinstatements is expected to result in insignificant impacts to administrative costs.** According to D.M.V. testimony to the House Judiciary Committee (January 27, 2023), since most of the underlying data exchange processes are automated, the impact of H.53 on the workload of D.M.V. staff is expected to be negligible. The department expects to avoid minimal costs related to generating and mailing suspension letters. The Judicial Bureau reported that H.53 would not have a significant impact on its workload but may lead to minor postage savings and a minor cost associated with printing new tickets with updated information (approximately \$8,000 - \$9,000 for an order of 60,000 tickets). The Judicial Bureau may also face some relatively minor one-time computer system configuration costs to modify its data exchange process with D.M.V.
- **H.53 could impact collections to the court-related special funds if it induces behavior to change.** Removing the threat of a license suspension for failure to pay amounts due within 30 days could reduce voluntary compliance rates for making prompt payments. However, a policy argument can be made that suspending driver's licenses over failure to pay may be counterproductive if it hinders an individual's ability to maintain employment and earn the wages necessary to pay what they owe.

According to previous testimony from the Judicial Bureau, collection rates decreased following Act 147's passage. As of May 2019, there was nearly \$1 million of foregone annual revenue from outstanding no-point violations, \$700,000 from point moving violations, and \$245,000 from failure to answer and failure to pay fees. Over time, accounts receivables have increased, indicating a lengthening of the period for amounts due to be paid. The Judicial Bureau reported that tax offsets have substantially increased to recover a growing balance of delinquent payments.<sup>10</sup>

Any behavioral changes that lead to an increase in payment plan participation or collections activity may impact the timing of revenue collections and could also lead to a greater volume of Failure to Pay fees owed to the Court Technology Special Fund. While tax offsets can effectively recover delinquent amounts due, the individual must have a Vermont tax refund owed to them to offset.

*While this Fiscal Note does not attempt to predict if future behavior may (or may not) change in response to H.53, these issues are flagged as potential risks in light of the collections trends previously reported by the Judicial Bureau.*

The actual fiscal impacts of H.53 through the factors noted above depend on several unknown variables:

- Volume of moving violation issuance
- Future compliance rates with the current 30-day payment period
- Future participation rates in payment plans
- Duration of payment plans, which will be influenced by the balances of the amounts due
- Judicial Bureau-initiated collection agency actions, tax offsets, and other enforcement efforts

<sup>10</sup> Updated data for more recent years was unavailable at the time of publication. Testimony of Gregg Mousley, Judicial Bureau, to the House Judiciary Committee, January 22, 2020. <https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Judiciary/Bills/H.578/Written%20Testimony/H.578~Gregg%20Mousley~Collection%20Efforts%20Civil%20Violations%202020~1-22-2020.pdf>