



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Fiscal Note

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### S. 99 – An act relating to miscellaneous changes to laws related to vehicles

*As Introduced by the Senate Committee on Transportation*

<https://legislature.vermont.gov/Documents/2024/Docs/BILLS/S-0099/S-0099%20As%20Introduced.pdf>

#### Bill Summary

The annual miscellaneous motor vehicle bill contains numerous amendments and technical corrections to Vermont's vehicle statutes.

**S.99 is expected to have a minimal impact to Transportation Fund revenues and to DMV's operating budget.**

#### Fiscal Impact

JFO estimates the bill would have a minimal fiscal impact to the Transportation Fund:

- \$17,000 of foregone Transportation Fund revenues (beginning FY 2024) from proposed changes to overweight and milk hauling permits.
- \$15,000 of approximate annual savings to the Department of Motor Vehicles (DMV) from the elimination of registration validation stickers.
- DMV may see higher actual costs related to towing abandoned vehicles, but the cost of that is not currently known and will depend to a large extent on the volume of qualifying tows in future years.
- DMV's core modernization project is, over time, expected to enable more electronic transactions to be performed by the customer. As a higher volume of electronic transactions are performed, DMV is likely to see lower administrative costs but also foregone revenue from fees for duplicate documents. The net impact of these factors is not currently known but is expected to be relatively minor in the near term.

### Overview of Sections with Fiscal Implications

#### 1. DMV Process Modernization

The bill includes several provisions that complement DMV's ongoing core modernization project and enable envisioned future process improvements:

- **Section 3** would authorize the Commissioner of Motor Vehicles to issue "mobile identifications" – electronic representations of the information contained on the physical driver's license or non-driver identification card. Mobile identifications are intended to be offered as a convenience and would be issued in addition to (not in lieu of) a physical identification credential. Mobile identifications would not be a substitute for an individual producing a physical driver's license or identification credential upon request.
- **Section 4** would remove the requirement for the Commissioner of Motor Vehicles to issue validation

stickers to accompany vehicle registrations, as well as the requirement that number plates display those validation stickers.

- **Sections 5 through 12** contain companion language to remove references to validation stickers from other sections of statute.
- **Section 13** would remove the civil traffic violation for failure to display a registration validation sticker.
- **Section 14** would explicitly permit an individual to operate a motor vehicle if all required registration certificates are carried electronically on a portable electronic device.
- **Sections 23 and 24** would authorize the use of electronic trucking permits (e.g., excess weight, load, size permits).
- **Section 27** would authorize the issuance of electronic certificates of title.

#### **Fiscal Impact:**

- In the immediate term, not producing registration validation stickers is expected to save DMV approximately \$15,000 annually.
- More significantly, eliminating validation stickers will eventually enable customers to print their own registrations. DMV currently spends approximately \$1 million annually to produce and mail registration forms and validation stickers. When this functionality exists, DMV may see these costs decrease in proportion to the number of customers that shift to electronic transaction options. However, customers printing their own registrations could result in reduced revenue from fewer duplicate registration fees. The \$16 fee collected by DMV for duplicate motor vehicle registrations currently generates \$300,000 - \$325,000 of revenue annually to the Transportation Fund.
- Over time, an increase in online transactions will likely result in efficiencies and administrative savings to DMV beyond those from not producing validation stickers and fewer mailed registrations. As more customers use electronic transactions, they will likely opt to receive other DMV correspondence electronically and print other documents themselves. To the extent that customers choose those options, DMV will likely see reduced printing and mailing costs – but also likely collect fewer fees for duplicates. The actual fiscal impacts from these factors will be determined by the extent to which electronic services are expanded and utilized in future years as the core modernization project is implemented. The near-term net impact of administrative savings and foregone revenue from duplicate fees is likely to be minimal.

## **2. Plug-In Electric Vehicle Registration Clarifications**

**Section 15** would clarify the registration requirements for plug-in electric vehicles (plug-in hybrids and battery electric vehicles). Current law states that “all vehicles powered by electricity” are subject to the registration requirements of a “pleasure car.”<sup>1</sup> However, distinctions have emerged between various electrically powered vehicles (plug-in hybrid versus battery electric vehicles),<sup>2</sup> and electric vehicles other than pleasure cars (e.g., motorcycles and trucks) are gaining adoption. Section 15 would clarify that plug-in electric vehicles (both plug-in hybrid and battery electric vehicles) that are pleasure cars are subject to the same registration fees as other pleasure cars. **Section 16** would similarly clarify that plug-in electric motorcycles are subject to the same registration fees that apply to other motorcycles.

#### **Fiscal Impact:**

This change is intended to align statute with current DMV practices; therefore, no fiscal impact is expected.

<sup>1</sup> 23 V.S.A. § 361. Per 23 V.S.A. § 4(28), a “pleasure car” is defined as “all motor vehicles not otherwise defined in this title.” In practice, most common, non-truck consumer vehicles such as sedans and sport utility vehicles are registered as “pleasure cars.”

<sup>2</sup> See 23 V.S.A. § 4(85).

### 3. Overweight Truck Permit Amendments

**Section 22** would amend [23 V.S.A. § 1392](#) to modify annual overweight vehicle permit fee requirements. These amendments are intended to simplify the existing permit structure in response to changes in federal regulations and reduce expenses to the dairy hauling industry. The expected fiscal impact of the proposed overweight permit fee changes is approximately \$17,000 of reduced annual revenue to the Transportation Fund, beginning in FY 2024 - a de minimis impact in the context of the \$300 million Transportation Fund.

**Current Requirements:**

Currently there are three ways to legally haul 90,000 lbs. of unprocessed milk products:

1. Register the vehicle for 80,000 lbs. and purchase a \$382 milk hauler overweight permit allowing the operator to haul milk at 90,000 lbs.
2. Register the vehicle for 90,000 lbs. and purchase a \$10 milk hauler overweight permit allowing the operator to haul milk at 90,000 lbs. on the interstate highway system.
3. Register the vehicle for 80,000 lbs. and purchase an all-products overweight permit for \$415, entitling the operator to haul any commodity at 90,000 lbs.

According to DMV, in FY 2012, the Federal Highway Administration (FHWA) allowed Vermont to permit overweight vehicles to operate on interstate highways in excess of federal weight limits, provided that the vehicles were either registered for the excess weight or had a valid permit for the excess weight. Originally, this FHWA ruling was set to expire in 2031; however, the ruling was made permanent in June 2016 with no expiration date.

Current State	Registration Fee	Overweight Permit	Total
1. Register vehicle for 80,000 lbs., purchase \$382 milk hauler overweight permit to haul up to 90,000 lbs.	\$2,336.50	\$382.00	\$2,718.50
2. Register vehicle for 90,000 lbs., purchase \$10 milk hauler permit	\$2,648.50	\$10.00	\$2,658.50
3. Register vehicle for 80,000 lbs., purchase \$415 all-products overweight permit to haul up to 90,000 lbs.	\$2,336.50	\$415.00	\$2,751.50
Proposed State	Registration Fee	Overweight Permit	Total
1. Register vehicle for 90,000 lbs.	\$2,648.50	\$0	\$2,648.50
2. Register vehicle for 80,000 lbs., purchase \$382 all-products overweight permit to haul up to 90,000 lbs.	\$2,336.50	\$382.00	\$2,718.50

**Proposed Requirements:**

**Section 22** proposes to modify the overweight permits by:

- Eliminating the \$10 overweight permit to haul milk for vehicles registered to 90,000 lbs., since FHWA now allows these vehicles to operate on the interstate system without the additional permit.
- Eliminating the \$382 milk hauler overweight permit for vehicles registered to 80,000 lbs. to haul milk at 90,000 lbs.
- Reducing the cost of the all-products overweight permit from \$415 to \$382 for vehicles registered to 80,000 lbs. to operate at 90,000 lbs. This would streamline permit requirements and equalize permit costs for milk haulers and all-products haulers at the current rate for milk haulers operating a vehicle registered to 80,000 lbs.

These proposed changes are intended to align Vermont statute with federal permitting requirements, streamline the permit rules, and result in modest cost savings to the milk hauling industry.

**Fiscal Impact:**

Overweight permit and registration fees accrue to the Transportation Fund. According to DMV, in 2022:

- 147 \$10 milk hauler overweight permits were issued. Assuming similar levels of permit issuance would have occurred in future years, eliminating this permit will result in an estimated revenue loss of approximately \$1,500 annually.
- 2,000 overweight permits were issued allowing vehicles registered to 80,000 lbs. to operate at 90,000 lbs. Reducing this permit fee from \$415 to \$382 (a \$33 reduction per permit) could result in an annual revenue loss of up to \$60,000 if every permit was issued at the full cost. However, many customers will buy multiple permits for the same vehicle for a \$10 administrative fee per additional permit, rather than the full price. DMV reports that 465 permits were issued at the full cost of \$415. Assuming similar levels of permit issuance would have occurred in future years, a \$33 reduction on the full price of the permit would result in a revenue loss of approximately \$15,500.
- 45 overweight permits were issued allowing vehicles registered at 80,000 lbs. to haul milk at 90,000 lbs. If this milk-specific permit is eliminated (as proposed), it is expected that most vehicle owners would purchase the 90,000 lbs. all-products overweight permit for the same \$382 cost as the eliminated milk-specific permit, resulting in little to no revenue loss.

**Table 2: Estimated Fiscal Impact of Proposed Overweight Permit Changes**

Overweight Permit	Current Permit Fee	Proposed Permit Fee	Change	Number of Permits Issued at Full Price (2022)	Estimated Fiscal Impact (Rounded)
Overweight permit – 90,000 lbs. vehicle to haul milk at 90,000 lbs.	\$10	\$0	-\$10	147	-\$1,500
Overweight permit – 80,000 lbs. vehicle to operate up to 90,000 lbs. (all products)	\$415	\$382	-\$33	465	-\$15,500

*Data from the Department of Motor Vehicles*

**4. Prospective Elimination of 15-Year Title Limitation**

Currently, Vermont does not require a certificate of title to register or transfer a vehicle more than 15 years old.<sup>3</sup> If a Vermont resident wants to obtain a title to a vehicle more than 15 years old, they may apply for an “exempt vehicle title” upon satisfactorily demonstrating vehicle ownership, paying a \$35 fee, and meeting other criteria set forth in [23 V.S.A. § 2013](#). **Section 25** would limit the 15-year certificate of title exemption moving forward to only apply to vehicles that were more than 15 years old on January 1, 2024. **Section 26** would end the issuance of “exempt vehicle titles” completely.

**Fiscal Impact:**

DMV reports that very few exempt titles are currently issued; eliminating exempt titles will not have a significant fiscal impact. In the future, this provision may lead to a minor increase in title sales (\$35 per transaction to the Transportation Fund) since titles will be required in situations that they previously had not been – but the likely fiscal impact is minimal.

**5. Fees for Towing Abandoned Vehicles**

**Section 31** would expand the definition of “abandoned motor vehicle” to cover vehicles that law enforcement officers have requested removal of by a towing business (regardless of whether the vehicle has a valid registration plate). **Section 33** would increase the maximum fee a towing service may charge for towing an abandoned vehicle from public property from \$40 to \$125. This fee is paid to the towing service by DMV from its operating budget. **Section 33** would also remove the existing \$16,000 maximum authorized annual

<sup>3</sup> See [23 V.S.A. § 2012](#).

expenditure for these towing fees, as well as the provision that limited any one towing company from receiving more than 50 percent of the annual allocation for abandoned vehicle towing.

**Fiscal Impact:**

According to DMV, its actual towing fee costs are traditionally far below the existing \$16,000 level, likely due in part to the relatively narrow existing definition of “abandoned motor vehicles.” DMV reports that fewer than five tows per year qualified for reimbursement under the current law. It is possible that the expanded definition will cover more vehicles and therefore more requests for reimbursement may be submitted by towing companies. If more requests for reimbursement are submitted at the higher \$125 fee, it is possible that DMV may experience higher costs moving forward. It is not yet known whether actual costs will exceed the \$16,000 cap currently in statute (which Section 33 proposes to remove).

**6. Purchase & Use Tax Technical Amendments**

**Sections 37 and 38** propose technical amendments to [32 V.S.A. § 8902\(5\)](#) and [32 V.S.A. § 8911](#) to clarify language regarding certain existing exemptions to the Motor Vehicle Purchase & Use Tax. These amendments, which are proposed by DMV, are not expected to have a significant impact on the Education Fund or Transportation Fund.<sup>4</sup>

**Section 37** contains technical amendments to the statutory provisions around exemptions to the Purchase & Use Tax. These amendments recognize that registration and titling are both subject to the Purchase & Use Tax. Currently, in order to use the value of a vehicle sale or trade-in as a credit against the taxable purchase price of the vehicle being newly registered or titled, the vehicle sold or traded in must have been last “registered” in the applicant’s name. Both a title-only and registration transaction are subject to Purchase & Use Tax, and the proposed language clarifies that an applicant can also receive this credit against the taxable cost if the former vehicle was titled (but not necessarily registered) in their name. DMV does not anticipate this provision will have a material impact on Purchase & Use revenues, since most vehicles that are sold or traded in and receive this credit are titled and registered in the same name.

**Section 38** would modify an existing exemption to the Purchase & Use Tax for vehicles that have been registered to the applicant in a different state that imposes a sales or use tax on motor vehicles. Current law requires the motor vehicle to be registered to the applicant for at least three years in another state to qualify for the exemption. Section 38 would remove the three-year requirement from statute but maintain the overall exemption, which is intended to avoid double taxation by different states on the same vehicle. DMV proposed this change in recognition of the fact that it can be onerous for applicants to produce three years’ worth of out-of-state registration records. Additionally, there is a very high degree of confidence that sales and use tax was previously paid on these vehicles at the time of registration in a state with such a tax. This provision would *not* allow a Vermont resident to purchase a vehicle in a neighboring state that has no sales and use tax, then register it in Vermont and avoid paying the Purchase & Use Tax. Applicants for the exemption would still be required to show proof of an out-of-state registration from a state with such a tax, or a tax receipt demonstrating that tax was previously paid to another jurisdiction.

**Fiscal Impact:**

While DMV does not have historical data on Purchase & Use transactions that involved out-of-state registration periods of less than 3 years, the Department does not expect this amendment to have a material impact to revenues.

**7. Future Allocation of ATV Revenues**

Currently, [23 V.S.A. § 3513\(a\)](#) dedicates 90 percent of the registration fees and violation penalties collected on all-terrain vehicles (ATVs) to the Agency of Natural Resources (ANR) for use by the Vermont ATV

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<sup>4</sup> Per [16 V.S.A. § 4025](#), the Education Fund receives one third of the revenue generated from the Motor Vehicle Purchase and Use Tax, two-thirds remains in the Transportation Fund.

Sportsman's Association (VASA) for development and maintenance of a statewide ATV trail program, for trail liability insurance, and to contract for law enforcement services. ANR is permitted to retain up to \$7,000 each fiscal year to administer this grant program.

Act 158 (2018) reduced the revenue allocation to ANR from 90 to 85 percent prospectively, beginning July 1, 2023. Act 185 (2022) further amended this future allocation to direct the revenue to the Department of Forests, Parks, and Recreation (FPR) rather than to ANR. Act 185 also authorized FPR to retain up to \$7,000 each fiscal year to administer the program.

**Sections 44 and 45** would repeal the language that was set to take effect July 1, 2023, per Acts 158 and 185. **Section 46** would maintain the existing 90 percent revenue allocation, with \$7,000 for administrative costs, but directs it to FPR rather than ANR after July 1, 2023.

**Fiscal Impact:**

While this language directs the funds to a specific component department within ANR, the status quo revenue share would be maintained (resulting in no fiscal impact).