

# Financial Impact of Act 147 of 2016

## Statewide Driver License Suspension Changes

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# Major Impacts of Act 147

- Eliminated 26,260 suspensions that originated prior to July 1990. This had no meaningful financial impact.
- Created a 3-month Drivers Restoration Program from September to November 2016 for violations more than 5 years old (from 1990 to 2012).
  - 44,100 judgements eligible
  - 1,782 judgements paid
  - 1,460 suspensions terminated impacting 267 unique persons
  - \$53,591 collected and cost \$43,720 to conduct the program
  - Net gain of **\$9,871**

# Major Impacts of Act 147 (cont'd)

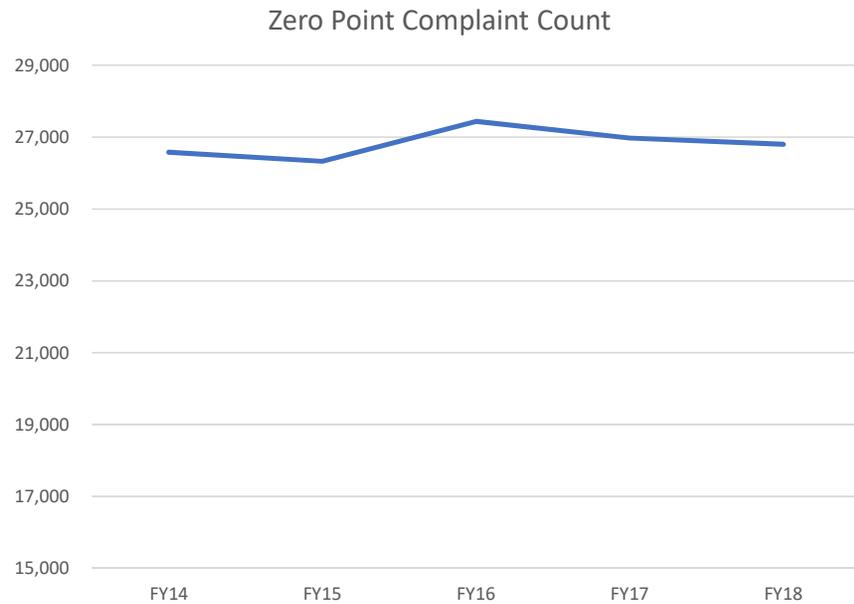
- Changed the parameters of payment plans
  - Established a minimum payment plan of \$30 per violation per month
  - The Judicial Bureau had already been accepting payment plans, this Act created a minimum that has likely lengthened the duration of payment plans and decreased the monthly revenue
  - The extent of the financial impact of this action cannot be accurately measured

# Impact on “Zero Point” Violations

- “Zero point” violations no longer result in license suspensions
  - Common charges with zero points
    - VNI – Inspection of Registered Vehicle
    - NR- No registration
    - OSC-Operation after suspension/refusal
    - Def- Defective Equipment
- Incentives for payment are reduced when eliminating the negative consequence of non-payment

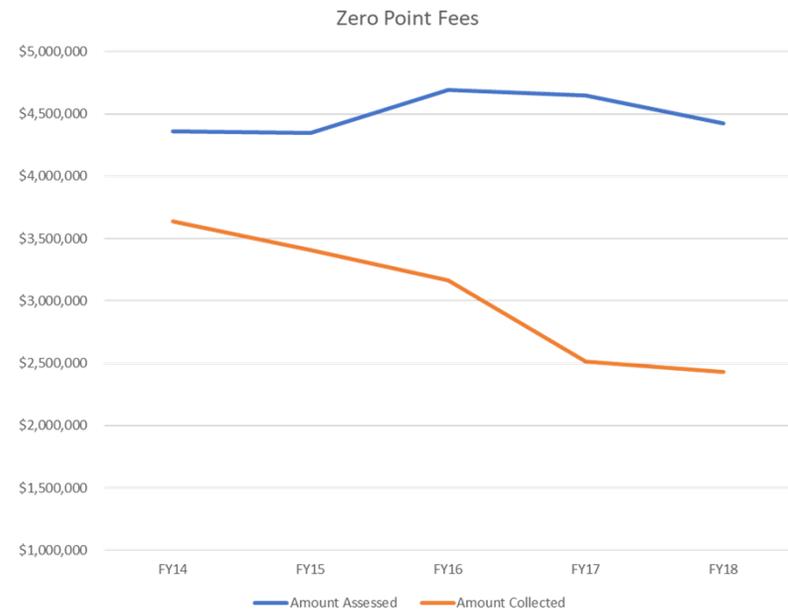
# Zero Point Violations

**The number of complaints issued has not changed much between FY14 and FY18**



**The amount assessed has not changed significantly between FY14 and FY18.**

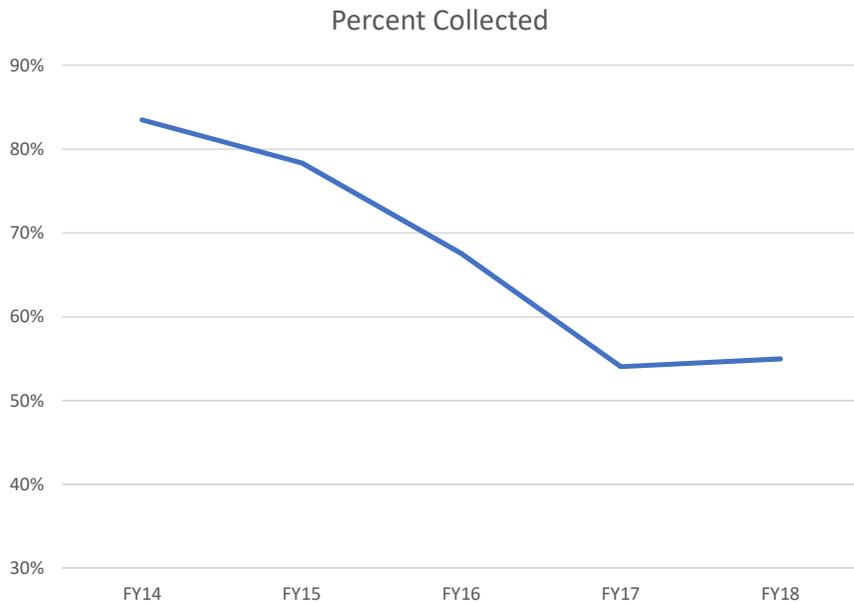
**There was a significant drop in revenue collected from FY15 to FY18**



# Zero Point Violations

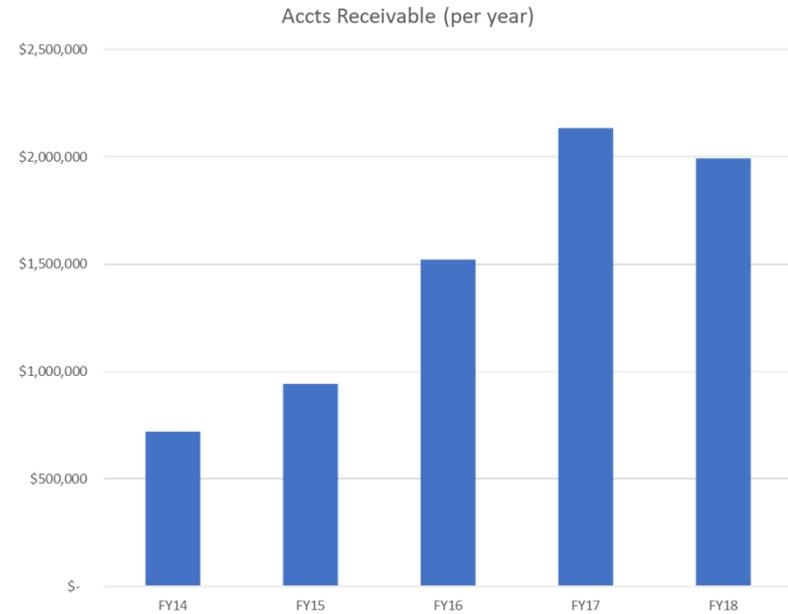
The percent collected has dropped from 78% in FY15 (before Act 147) to 55% in FY18. A decrease of 23%

Foregone revenue is approx. \$1M per year



Foregone revenue is measured by the accounts receivable (unpaid fees & fines)

The accounts receivable for zero point complaints jumped from less than \$1M per year (FY14 & FY15) to about \$2M per year (FY17 & FY18)

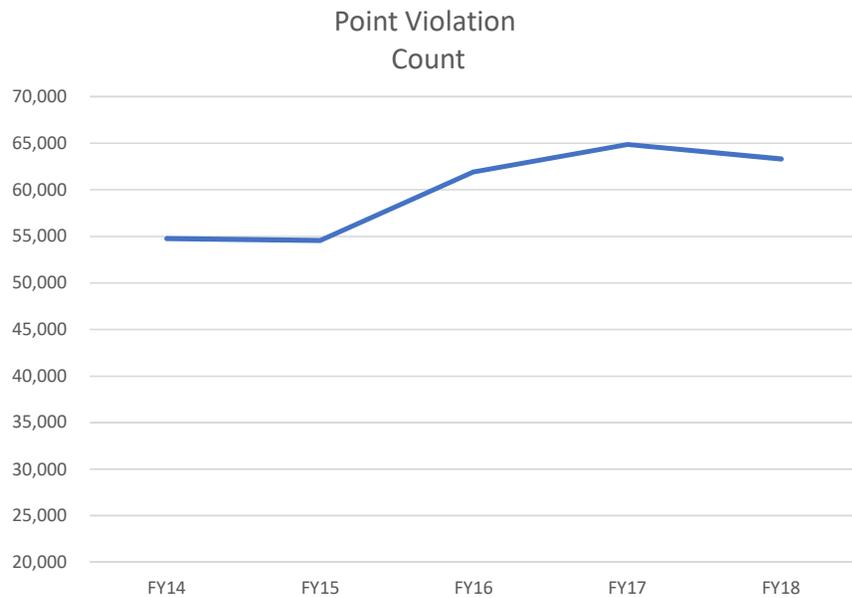


# Impact on “Point Violations”

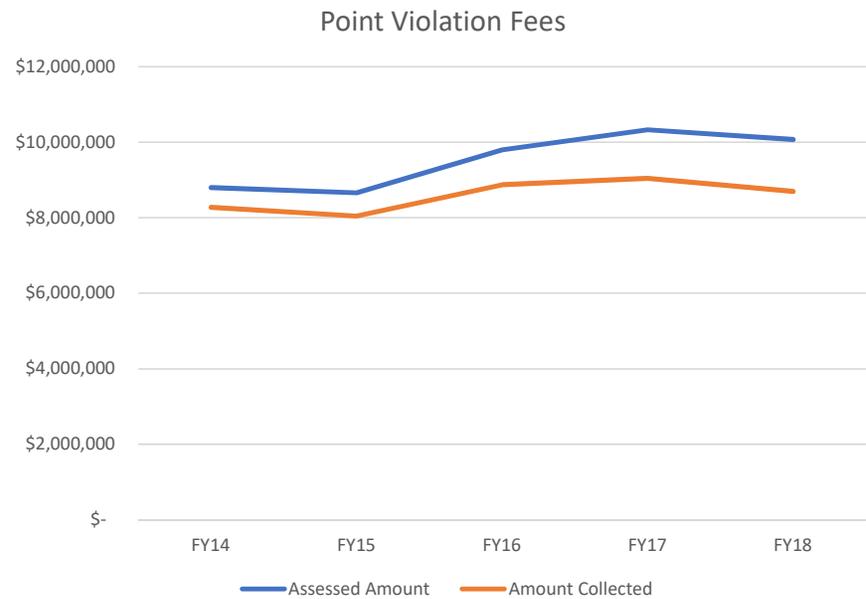
- It changed the remedies for failure to pay a violation by limiting a suspension to 30 days, or until the amount is satisfied, **whichever is earlier**. This allowed persons to restore their license privileges without paying the fines and surcharges that resulted from the original violations.
- This change would impact
  1. Violations that result in points on a license
  2. Failure to Answer (FTA) fees
  3. Failure to Pay (FTP) fees

# Point Violations

**The number of points violations has increased 15% between FY14 and FY18**



**The amount collected has dropped slightly when compared to the amount assessed**

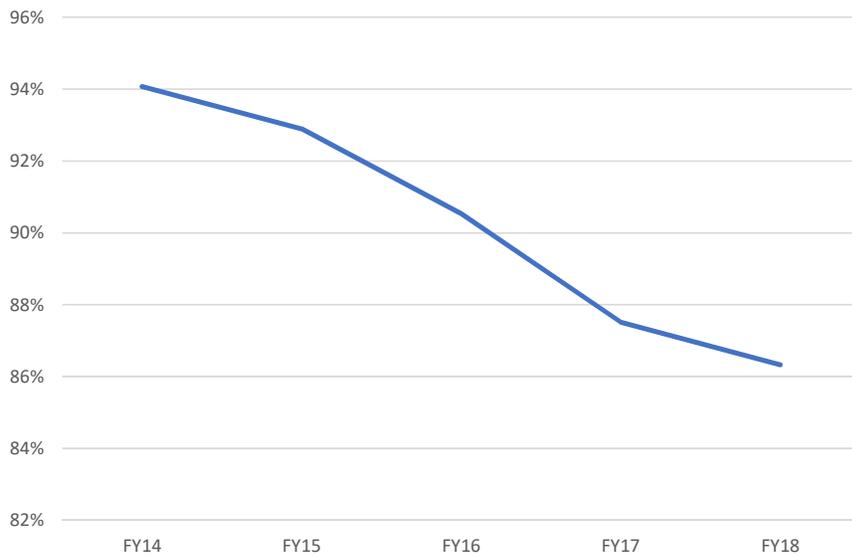


# Point Violations

The percent collected on points violations has dropped approximately 7% from 93% in FY15 to 86% in FY18.

7% drop in collections is equivalent to \$704,000/year in foregone revenue

Percent Collected

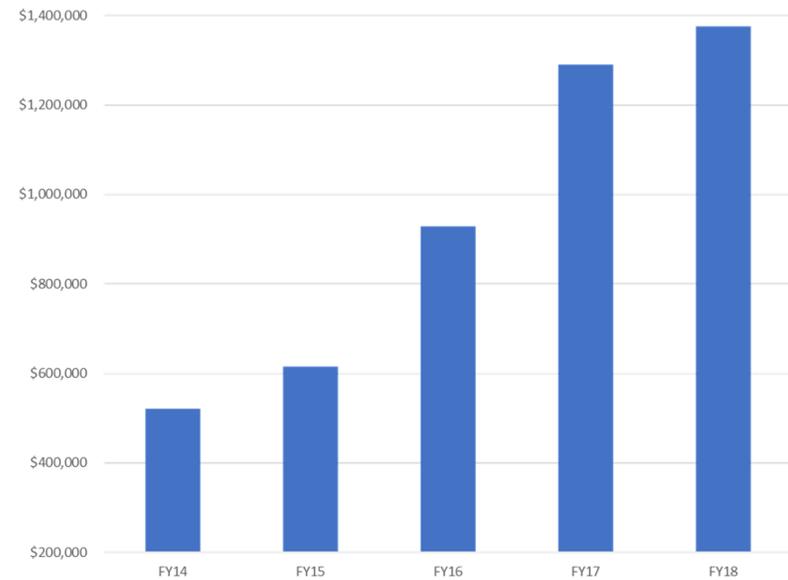


Accounts receivable for points violations has increased each year.

Pre Act 147, the A/R was about \$600,000

Post Act 147, A/R is nearly \$1.4M, more than doubling

Accts Receivable

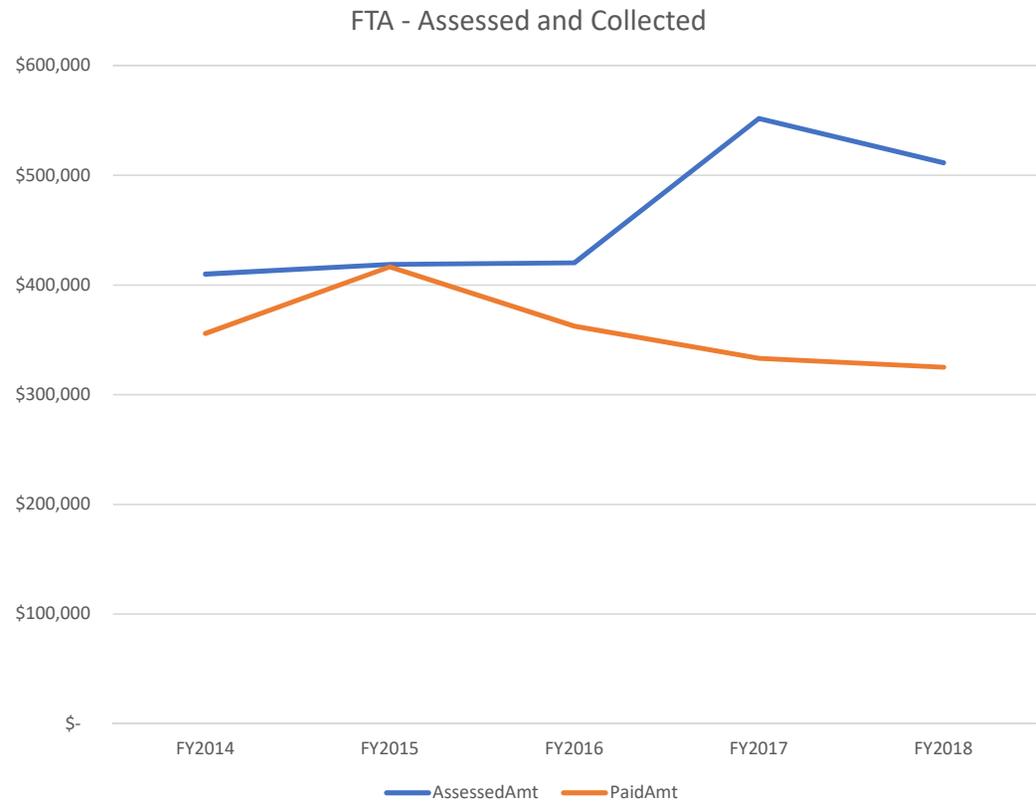


# Failure to Answer (FTA)

FTA fees are assessed when there is no reply within 20 days

With fewer consequences for non-payment, we would expect to see an increase in fees assessed, but a decrease in amount paid

There has been a drastic change in FTA since ACT 147 was enacted in 2016

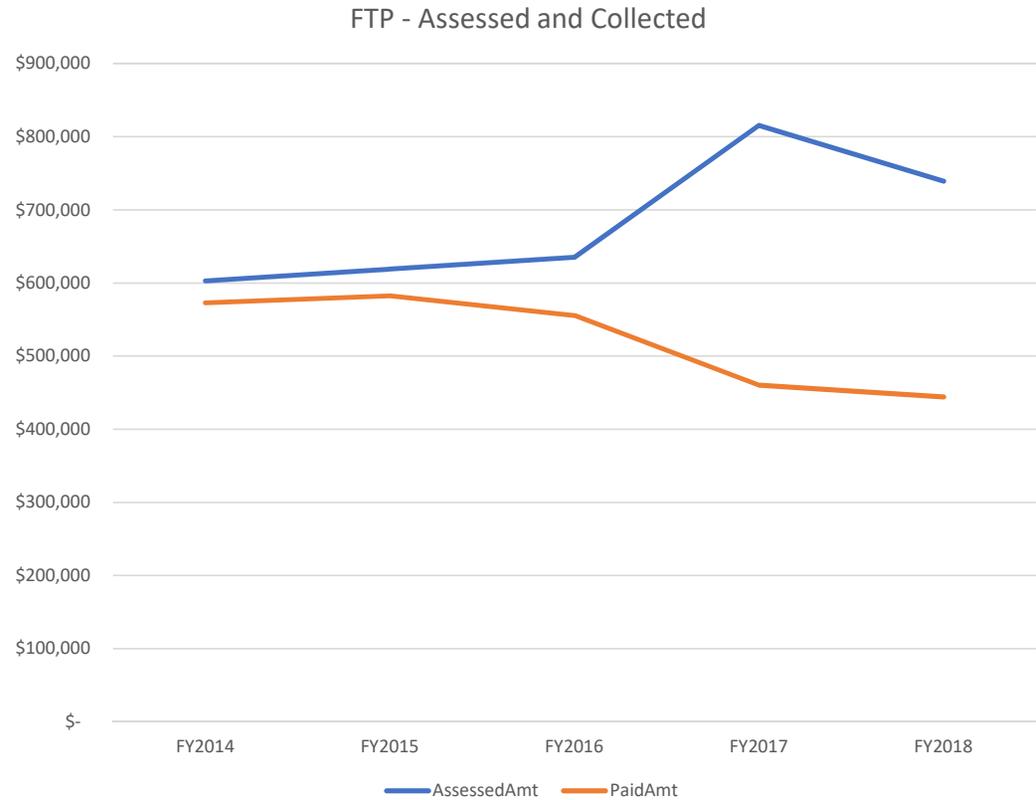


# Failure to Pay (FTP)

Failure to Pay fees are assessed at 30 days after the violation if no payment is received

With a decrease in the consequences of nonpayment, we would expect to see an increase in fees assessed, but a decrease in the amount collected

There is a drastic change in payment behavior after Act 147 was enacted in 2016

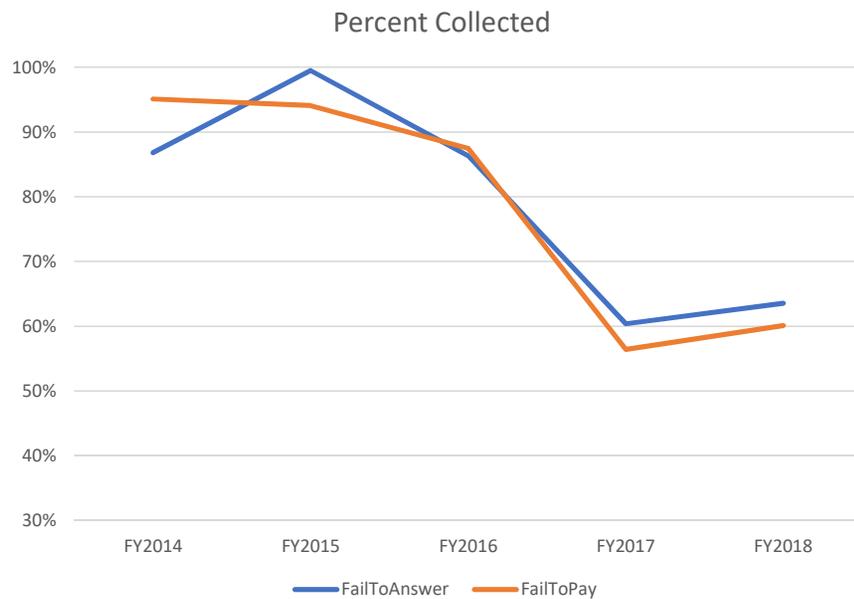


# FTA and FTP

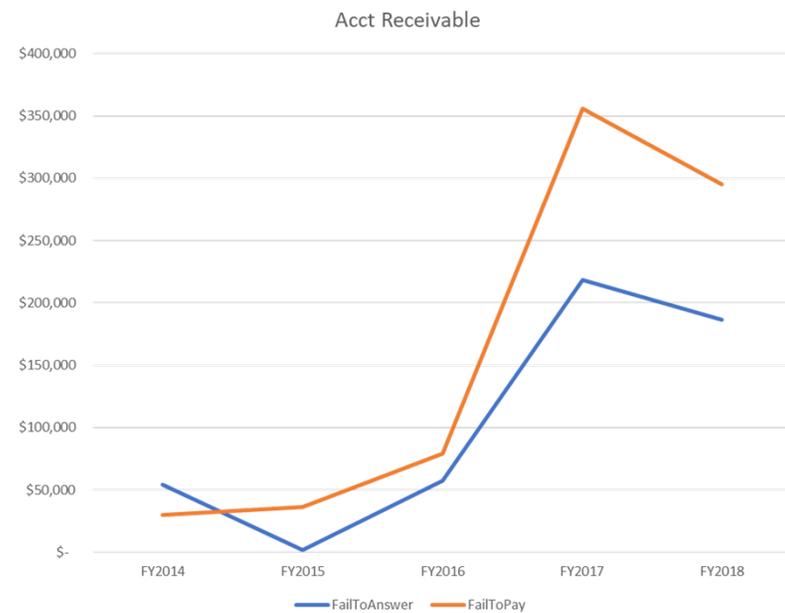
The percent collected for FTA has dropped about 35%

FTA foregone revenue = \$100,000

FTP foregone revenue = \$145,000



Lost revenue is captured in the accounts receivable reports and shows the drastic increase since Act 147



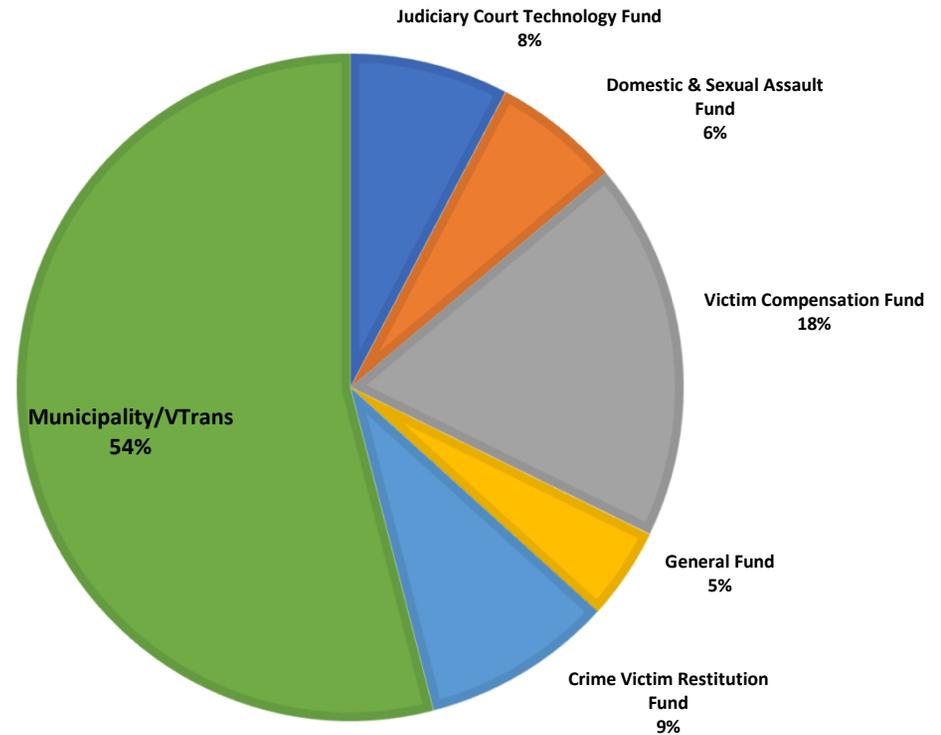


# What is the Financial Impact of Act 147?

- A drop in collection rates
- A drop in the revenue collected
- An increase in accounts receivable
- An increase in tax offsets
- Total foregone revenue is nearly \$2M per year
  - Foregone revenue for zero point violations = \$1M
  - Foregone revenue for point violations = \$704,000
  - Foregone revenue for FTA/FTP fees = \$245,000

# Who is Impacted?

CIVIL VIOLATION DISTRIBUTION



All Violations (points & zero points)

		Annual Decrease
Judiciary Court Technology Fund	8%	\$ 136,000
Domestic & Sexual Assault Fund	6%	\$ 102,000
Victim Compensation Fund	18%	\$ 306,000
General Fund	5%	\$ 85,000
Crime Victim Restitution Fund	9%	\$ 153,000
Municipality/VTrans	54%	\$ 918,000

**Foregone Revenue \$ 1,700,000**

Judicial FTA & FTP Revenue \$ 245,000

# History of Collection Efforts on Civil Violations

	Pre – 2017	2017 – Present Act 147 of 2016	H. 578
Fine for Violation	✓	✗	✗
Suspend License	✓	30 days on point violations only	✗
Failure to Pay/Answer Fee	✓	✗	✗
\$80 Reinstatement Fee	✓	✓	✗
Credit Reporting	✗	✗	✗
Interest Charges	✗	✗	✗
Monthly Billing	✗	✗	✗
Tax Offset	✓	✓	✓