



STATE OF RHODE ISLAND

**DIVISION OF MOTOR VEHICLES  
ADMINISTRATION OFFICE**

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May 23, 2024

The Honorable Marvin L. Abney  
Chair, House Committee on Finance  
State House  
Providence, RI 02903

**RE: 2024 H-7492- AN ACT RELATING TO MOTOR AND OTHER VEHICLES –  
REGISTRATION OF VEHICLES**

Dear Chair Abney:

The Division of Motor Vehicles ("DMV") writes to express opposition to House Bill 7492, An Act Relating to Motor and Other Vehicles-Registration of Vehicles.

The proposed bill authorizes the DMV to issue a one (1) year renewal registration for vehicles leased for a period of thirty-six (36) months for the last year of the lease and to modify the fee for said renewal. The bill would also permit refunds for any unused portion of the paid registration fee to the registrant of a leased vehicle who voluntarily cancels the registration within the period of registration.

The DMV opposes the proposed bill for multiple reasons, with the first being that implementation of the proposed change would require structural changes in the DMV's computer system, "RIMS", because registration expiration dates are not editable or optional. Significant RIMS programming would be required to build expiration date rules for leased vehicles across all 47 plate types. This would be a major change that would require a substantial diversion of resources currently dedicated to developing enhanced online transaction capabilities, as well as federally required database programs for commercial licenses. The changes in the proposed bill would require at least one year to implement.

Second, the proposed change would require modification to the current title and registration process of leased vehicles. The DMV does not require a lease agreement to be submitted by motor vehicle dealers or motorists at the time of initial registration. Therefore, the DMV does not track the lease term of any leased vehicles. This would cause difficulties in implementing the proposed bill as the DMV would not know for how long to renew the leased vehicle and it could not easily ascertain the lease term from the current lessee at the time of renewal, as the large majority of registrations are renewed online or through the mail. Even if the DMV were to require the submission of lease agreements at the time of initial registration, further RIMS programming would be necessary to add fields to the registration transaction to track the lease term and then perform calculations to ensure the proper renewal period and registration fee were assessed at the time of renewal.

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Third, by allowing leased vehicles to be renewed for only the last year of a 3-year lease term, presumably because the vehicle's ownership will be transferred at the end of the lease, lessees would be afforded a benefit that is not provided to other registrants. All other motorists would continue to be required to renew vehicles with passenger plates for a full 2 years even if they know they are going to move out-of-state or sell the vehicle at the end of the first year.


Finally, the issuance of refunds as provided for in the proposed bill would result in significant revenue loss to the state. Registration fees are determined by the gross vehicle weight rating (GVWR) of the vehicle. In fiscal year 2023, 27,638 registrations were cancelled with greater than one year remaining on the registration period. Even if a very conservative GVWR is applied to that number of registrations, with the fee calculated at sixty dollars (\$60.00) per year, the resulting loss of revenue would be approximately \$1,658,280.00. Because the fees for many vehicles are more than \$60.00, the actual amount of lost revenue could be much higher.

Perhaps even more significantly, the funds from registration fees are deposited into the state's highway maintenance account. The state receives federal matching funds for the money in that account at a rate of twenty percent (20%). Therefore, by way of example, a reduction in registration fees of \$1.5 million would result in a loss of \$6.0 million in federal funds, for a total revenue loss of \$7.5 million.

The significant implementation burdens imposed on the DMV and the negative fiscal impact were specifically mentioned in the Governor's veto message of a nearly identical bill last legislative session.

Thank you for your consideration.

Sincerely,

  
Walter R. Craddock, Esq.,  
Administrator

Cc: The Honorable Members of the House Committee on Finance  
The Honorable Gregory J. Costantino  
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker of the House of Representatives  
Thomas A. Verdi, Director, Department of Revenue