



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-7860- AN ACT RELATING TO MOTOR AND OTHER VEHICLES
– REGISTRATION FEES**

Dear Chair Abney:

The Division of Motor Vehicles ("DMV") writes to express opposition to House Bill 7860, An Act Relating to Motor and Other Vehicles-Registration Fees.

The proposed bill would provide refunds for motor vehicle registrants who voluntarily cancel their registration within the registration period. Registrants would receive refunds of that portion of the fee paid which covers the time left on the original registration.

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.

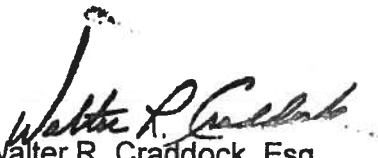
Finally, while the DMV opposes the proposed bill for the reasons stated above, the proposed bill would also require the DMV to make modifications to its

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business operations. In addition to setting up a system to implement the refunds, DMV would need to hire additional staff in the cashier's office in order to process the payouts. Presently, that office is staffed by only two employees, who are overseen by one supervisor, and their time is fully occupied with processing payments that the DMV receives. A minimum of six months is necessary to hire and train additional staff and to effectuate the refund process.

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, Esquire, Chief Legal Counsel to the Speaker of the
House of Representatives
Thomas A. Verdi, Director, Department of Revenue