
CONSIDERATION OF A PAYMENT PLAN FOR VEHICLE REGISTRATION TAXES AND FEES

PRESENTATION TO THE JOINT TRANSPORTATION COMMITTEE | OCTOBER 4, 2022

Allegra Calder and Julia Tesch, BERK Consulting



CONSULTANT TEAM



**Project Management, Options
Analysis, & Recommendations**



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Project Manager



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Project Deputy



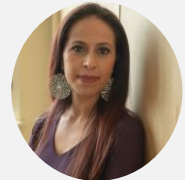
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Community
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PRIMARY STUDY QUESTIONS

Could the State reduce the impact of registration tax and fee payment on households with low incomes by offering a payment plan?

If so, how could that payment plan be structured?

Why consider a payment plan?







- High cost of registration taxes and fees in some areas
- Changing consumer expectations due to the prevalence of payment plans in the online retail sector
- Other concurrent discussions related to payment plans



STUDY APPROACH



METHODOLOGY

-  Interviews with DOL staff, workgroup members, and other agency staff with program experience
-  Analysis of vehicle registration data
-  Desk research into DOL policies and procedures, rebate programs, late fees, and payment options in Washington and in other states
-  Public survey of behaviors and preferences for payment of registration taxes and fees
-  Focus group discussions
-  Discussion of research and policy questions with the Workgroup

WORKGROUP MEMBERSHIP

DEPARTMENT OF LICENSING



Jill Johnson
Carl Backen

VEHICLE LICENSING SUBAGENTS



Jan Novak
Federal Way Licensing

LOCAL TAXING AUTHORITY IMPOSING VEHICLE LICENSE FEE/TAX



Reid Bennion | *City of Tacoma*
Alex Soldano | *Sound Transit*



COUNTY AGENTS



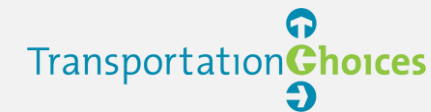
Eddie Cantu
*King County Vehicle
and Vessel Licensing*

VEHICLE OWNERS SUBJECT TO AN ELECTRIC CAR OR TRANSPORTATION ELECTRIFICATION FEE



Grace Reamer
Drive Electric Washington

ADVOCATE FOR MULTIMODAL TRANSPORTATION



Alex Hudson
*Transportation
Choices Coalition*

ALSO IN THE PROVISIO BUT NOT IN THE WORKGROUP

City with or considering a rebate program (N/A) | Vehicle owners subject to MVET (AAA invited)

BUILDING ON PREVIOUS WORK: 2020 DOL PAYMENT PLAN REPORT

Report estimated administrative costs and revenue loss associated with a hypothetical payment plan (see right)

Impact	2021-2023 Biennium	2023-2025 Biennium
Revenue loss* to the State	\$9 million	\$22.5 million
Administration costs for DOL	\$2.8 million	\$4.1 million
Total impact	-\$11.8 million	-\$26.6 million

**Revenue loss is based on DOL assumptions about vehicle owners moving mid-year. It does not include impacts from potential increase in the number of either dishonored checks/ACH payments or late/delayed registration payments.*

Features of the Hypothetical Payment Plan

- Quarterly payments made through DOL's website, by mail, or at a vehicle licensing office
- Customers receive all annual renewal materials (registration paperwork and vehicle tab stickers) up front so the only quarterly task would be to process payment
- Service fee (\$8.00) and filing fee (\$4.50) would be paid once, not with each payment
- \$200 threshold to reduce administration costs
- **Would require modifications in the DRIVES system - possible, but not currently enabled**



REGISTRATION FEES AND TAXES: OVERVIEW AND STATE ANALYSIS

OVERVIEW OF REGISTRATION TAXES AND FEES (AS OF JUNE 30, 2022)

Every vehicle owner pays base fees of \$68.25 including:

Standard renewal costs





Basic Renewal Fee.....	\$30.00
Weight Fee for First 4,000 lbs of Vehicle Weight.....	\$25.00

(additional fees for heavier vehicles noted at right)

Fees associated with the administrative costs of collecting registration fees and taxes

Service Fee ⁱ	\$8.00
County Filing Fee ⁱ	\$4.50
DOL Service Fee ⁱ	\$0.50
License Plate Technology Fee.....	\$0.25

One or more the following additional fees and taxes may also apply:

 Vehicles weighing 4,001 - 6,000 lbs.....	\$20.00
Vehicles weighing 6,001 - 8,000 lbs.....	\$40.00
Vehicles weighing at least 8,001 lbs.....	\$48.00
 Electrification Fee ⁱⁱ (electric or hybrid vehicles only).....	\$75.00
Electric Vehicle Fee ⁱ (electric vehicles only).....	\$150.00
 TBD Vehicle License Fee.....	\$10 - \$40.00
MVET in Sound Transit RTA.....	\$ varies by MSRP and vehicle age
 Credit and Debit Card Fee ⁱⁱⁱ	3% or \$2.25 <i>(depends on payment location and amt.)</i>

- i. Service fees are retained by the subagent or if collected by the County or DOL deposited into the ferry system capital vessel replacement account. County filing fees are retained by the County regardless of where the transaction takes place except for \$0.50, which is distributed to DOL then redistributed equally out to counties. The DOL Service fee goes to the Motor Vehicle Fund and is distributed to the DOL Services Account.
- ii. Owners of electric vehicles pay both the electric vehicle fee and the electrification fee.
- iii. Check payments and online ACH transfers have no fee associated with them.

SAMPLE REGISTRATION TAXES AND FEES

		LOCATION		
		Tacoma	Spokane	Unincorporated Grant Co.
VEHICLE TYPE	2021 Ford F150 <i>MSRP: \$44,330</i>	\$615.88 Base fees and taxes.....\$68.25 Sound Transit MVET.....\$487.63 Tacoma TBD.....\$20.00 Weight fee - vehicle 6 - 8k lbs.....\$40.00	\$128.25 Base fees and taxes.....\$68.25 Spokane TBD.....\$20.00 Weight fee - vehicle 6 - 8k lbs.....\$40.00	\$108.25 Base fees and taxes.....\$68.25 Weight fee - vehicle 6 - 8k lbs.....\$40.00
	2015 Toyota Prius <i>MSRP: \$28,435</i>	\$341.54 Base fees and taxes.....\$68.25 Sound Transit MVET.....\$178.29 Tacoma TBD.....\$20.00 Electrification fee.....\$75.00	\$163.25 Base fees and taxes.....\$68.25 Spokane TBD.....\$20.00 Electrification fee.....\$75.00	\$143.25 Base fees and taxes.....\$68.25 Electrification fee.....\$75.00
	1997 Honda Civic <i>MSRP: \$14,650</i>	\$104.37 Base fees and taxes.....\$68.25 Sound Transit MVET.....\$16.12 Tacoma TBD.....\$20.00	\$88.25 Base fees and taxes.....\$68.25 Spokane TBD.....\$20.00	\$68.25 Base fees and taxes.....\$68.25

REGISTRATION TAXES AND FEES BY GEOGRAPHY

INSIDE THE RTA

Median registration taxes and fees:

\$216

Minimum: \$77 (e.g., 1988 Suzuki Samurai)

Maximum: \$1,796 (e.g., 2021 Tesla Model S)

97% of vehicles have registration taxes and fees over \$100

69% of vehicles have registration taxes and fees over \$150

OUTSIDE THE RTA

Median registration taxes and fees:

\$88

Minimum: \$68 (e.g., 2012 Toyota Camry)

Maximum: \$373 (e.g., 2021 Tesla Model S)

37% of vehicles have registration taxes and fees over \$100

2% of vehicles have registration taxes and fees over \$150



ENGAGEMENT FINDINGS



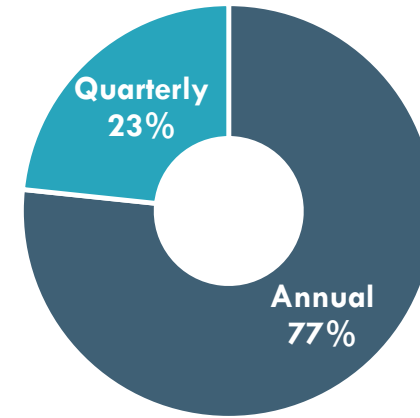
SURVEY FINDINGS: PAYMENT PLAN PREFERENCES

FINDING #1:

77% of survey respondents prefer annual payment of registration taxes and fees to a quarterly plan

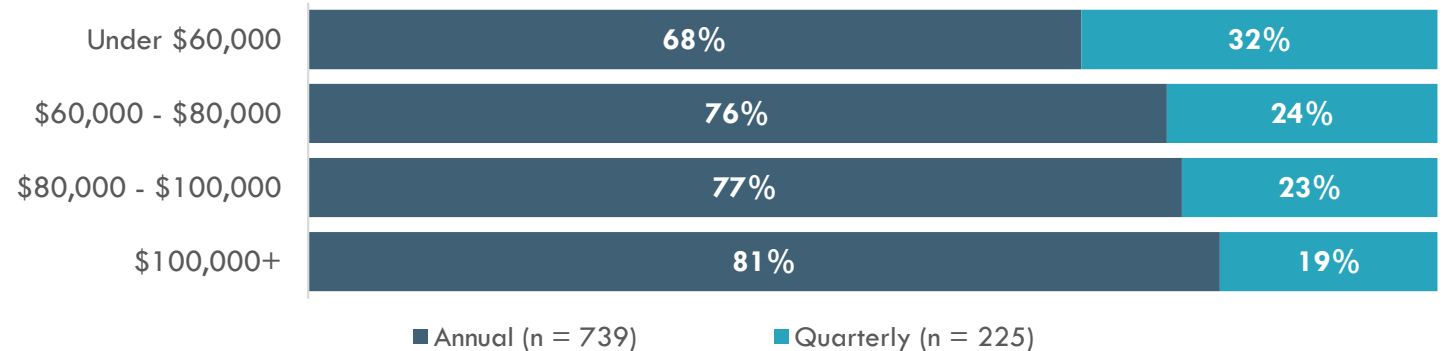
FINDING #2:

A greater share of respondents with lower incomes expressed interest in a quarterly payment plan, though a majority in all income groups prefer annual payments



Respondent Preference for Annual or Quarterly Payment of Registration Taxes and Fees

Respondent Preference for Annual or Quarterly Payment of Registration Taxes and Fees, Disaggregated by Income



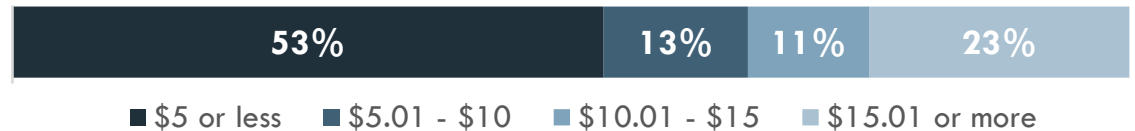
SURVEY FINDINGS: PAYMENT PLAN PREFERENCES

FINDING #3:

Most participants would not be willing to pay the minimum fee needed to cover administrative costs of a payment plan

All Respondents (n = 922)

Respondents' Acceptable Additional Annual Processing Fees for a Quarterly Payment Plan



FOCUS GROUP FINDINGS

- **Little interest in a payment plan**
 - Those interested were not willing to pay a fee or were willing to pay only a small fee that would not cover the administrative costs of a payment plan
- Support for email and text reminders
- Reluctance to sign up for autopay due to concerns about insufficient funds
- Overall cost of vehicle registration fees and high cost of vehicle ownership



RECOMMENDATIONS



OBJECTIVES OF A PAYMENT PLAN

To be a viable, worthwhile option, a payment plan would need to balance four objectives:



Equitable support for vehicle owners with low incomes



Low additional administrative costs



Minimal potential for revenue loss



Positive customer experience

RECOMMENDATIONS

- 1** Do not pursue a payment plan.
- 2** Enhance email reminders and launch text message reminders for vehicle registration renewals.
- 3** Consider other ways of supporting households with low incomes.



QUESTIONS