

JTC CAR TABS PAYMENT OPTIONS WORKGROUP

PRESENTATION TO THE JTC, NOVEMBER 17, 2021

ALLEGRA CALDER, CHLOE KINSEY, TAMARA POWER-DRUTIS & JULIA TESCH

Fees and Donations	
Registration License - Renewal	\$30.00
Vehicle Weight	\$45.00
Registration Filing	\$4.50
Registration Service Fee	\$8.00
Department of Licensing Service	\$0.50
License Plate Technology	\$0.25
State Parks Donation	\$5.00
University of Washington	\$30.00
Transportation Benefit District - Seattle	\$80.00
RTA Excise Tax	\$353.00
Total	\$556.25
Additional Charges	
3% card payment fee	\$16.69
Grand Total	\$572.94

OUR TEAM / INTRODUCTIONS

Project Management, Options Analysis, & Recommendations



Allegra Calder
Project Manager



Julia Tesch
Deputy PM



Chloe Kinsey
Analyst



Jason Hennessy
Financial Analyst



Outreach & Engagement



Marcela Diaz
Engagement Lead



Diana Brown
Engagement & Strategy Support



Tamara Power-Drutis
Research Strategy



Zhonghao Zhang
Survey Design



Elise Van Deventer
Engagement Support



Strategic Advisors



Travis Dunn
Payment Systems



Henry Yates
Community Engagement



JTC Staff

Alyson Cummings, Project Manager

Paul Neal, Project Deputy



STUDY BACKGROUND

The Legislature directed the JTC to convene a workgroup **to recommend options for payment of vehicle fees or taxes due at the time of application for vehicle registration.**

Reasons for interest

- Increasing annual costs (sometimes over \$200) for households
 - Transportation benefit districts
 - Motor vehicle excise taxes (Sound Transit district)
 - Fees for electric vehicles, weight, and service fees
- Growing income inequality and larger statewide focus on tax amounts and structure
- ~ 60% of drivers do not renew their registration until it has expired (JTC 2020 *Vehicle Subagents Study*)

Related recent studies

- JTC 2020 Vehicle Subagents Study
- DOL 2020 Study of Vehicle Registration Payment Plans

WORKGROUP MEMBERSHIP

Proviso Language: Workgroup Membership	Representative(s) Selected
Department of Licensing	Jill Johnson and Carl Backen
County Agents	Eddie Cantu, King County Vehicle and Vessel Licensing
Vehicle Licensing Subagents	Jan Novak, Federal Way Licensing
Local Taxing Authority Imposing Vehicle License Fee/Tax	Alex Soldano, Sound Transit
<i>City with or considering a rebate program</i>	<i>N/A</i>
Vehicle owners subject to MVET	AAA, new hire <i>to be confirmed</i>
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 (TCC)

WORKGROUP CHARGE

Primary charge: To study and recommend vehicle fee payment options.

- The Workgroup's **recommendations must include, but are not limited to**, the following:
 - Payment plan options
 - Recommended service fee structure for payment plans
 - Recommended service fee revenue allocation method
 - Options for reducing revenue loss due to missed payments, transfer of the certificate of title, or registration of a vehicle out of state
 - Process to allow agents and subagents to determine whether a vehicle owner has paid all taxes and fees prior to renewals
 - Options to provide or encourage rebates to vehicle owners who pay vehicle licensing fees due at registration or renewal
 - Options to reduce impacts to communities of color, low-income households, vulnerable populations, and displaced communities
- Report of findings and recommendations is due to JTC by September 30, 2022.

Trade-offs

- Mechanics of implementing payment plan options and impacts on where people renew and who collects service fees
- Equity implications
- Consumer experience and objectives
- Revenue and cost implications
- Alignment with state initiatives related to climate and tax policy

VEHICLE LICENSING SYSTEM

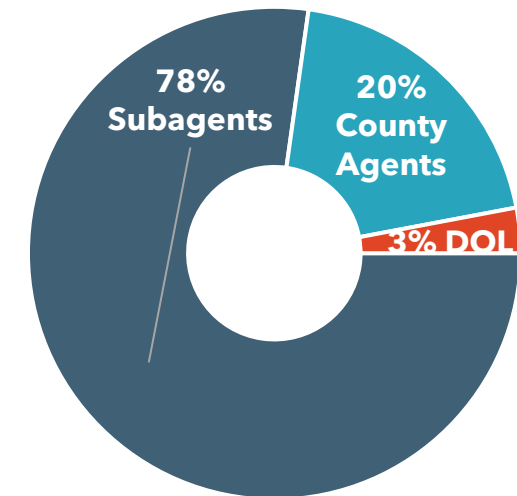
Key Actors

- Washington State DOL
- County agent offices
- County subagent offices
- Vehicle licensing representatives
- Vehicle dealerships
- Customers

The current vehicle licensing system exists to carry out vehicle registrations and certificate of title transactions and to collect associated fees.

- **County agents** and **vehicle licensing subagents** process transactions on behalf of the State and collect service and filing fees.
- **DOL** processes a small share of transactions.

*Who processes service fees?
(statewide, 2019, by volume)*





FEE SUMMARY – RELEVANT TO REGISTRATION

Everyone starts with the basic fees of \$43.25 and things like vehicle weight, location, and taxes determine the final amount.

For more details:
<https://www.dol.wa.gov/vehicleregistration/fees.html>

Basic Renewal Fee:	\$30	} \$43.25 standard fee
County Filing Fee:	\$4.50	
License Service Fee:	\$0.75	
Service Fee:	\$8	

+ Vehicle weight fee:

	0 - 4,000 lbs	+\$25
	4,001 - 6,000 lbs	+\$45
	6,001 - 8,000 lbs	+\$65
	8001 lbs and over	+\$72

Source: Department of Licensing.

ADDITIONAL FEES

For more details:

<https://www.dol.wa.gov/vehicle/registration/fees.html>

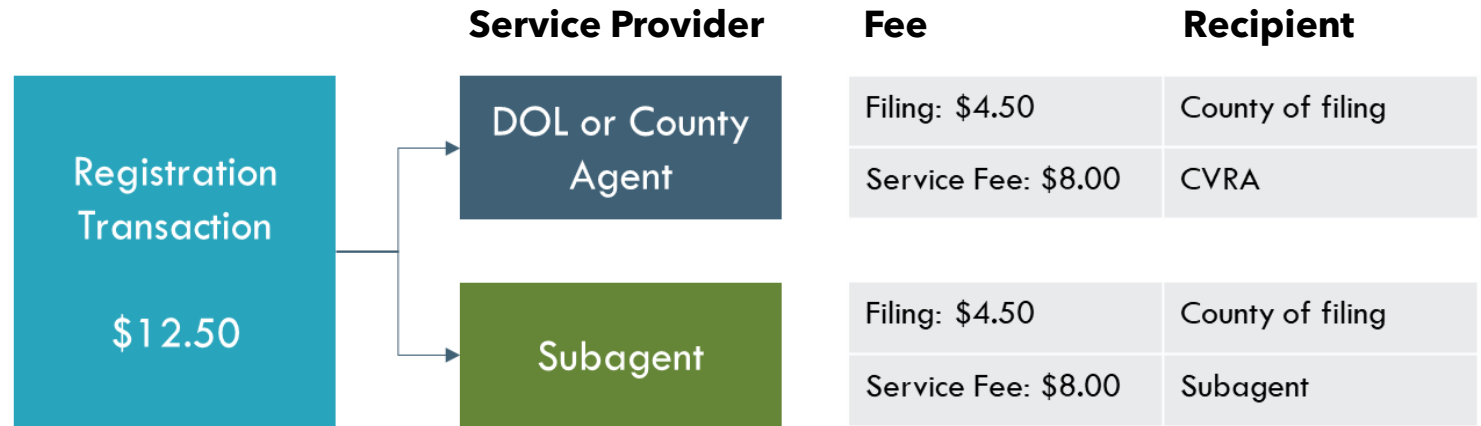
Fee	Amount
RTA and/or TBD	Vary significantly (see slides 10-11)
Electric Vehicle Fee	\$150
Electrification Fee (EV/hybrid only)	\$75
Credit card payments*	3% online; debit and credit card \$2.25 at most offices; credit card is 3% if total is >\$75

*Checks and ACH transfers online - no fee

FEE ALLOCATION

Service fees collected by the auditor/DOL go to the state ferry system capital vessel replacement account (CVRA).

Subagents retain service fees on subagent transactions.



Notes: Filing fees go to the County treasury except for 50 cents which is distributed to DOL then redistributed equally out to all counties. Fees deposited into Ferry System Capital Vessel Replacement Account (CVRA) which is used for the construction or purchase of ferry vessels and to pay the principal and interest on bonds authorized for the construction or purchase of ferry vessels, beginning with January 1, 2015, transactions. Total estimated revenue for the CVRA is \$39.8 M in 2019-21.

Sources: Vehicle Titling and Registration Processes and Opportunities for Improvements, 2014; JTC Transportation Resource Manual January 2019 Update; BERK 2019.

TRANSPORTATION BENEFIT DISTRICTS AND REGIONAL TRANSIT AUTHORITIES



Source: Sound Transit, Photo Gallery.

Transportation Benefit District (TBD)

- Cities and counties can form TBDs to fund transportation improvements
- Vehicle license fees are typical funding mechanism
 - Up to \$50 without voter approval and up to \$100 with approval
- **In WA:** 116 local TBDs
 - 60 have vehicle license fees ranging from \$10 to \$40

Regional Transit Authority (RTA)

- Can be established by 2+ contiguous counties with pop. of 400,000+ to develop and operate a high-capacity transit system
- Several funding mechanisms authorized
- **In WA:** Sound Transit; no other counties are eligible
 - Funding mechanism: motor vehicle excise tax (MVET)
 - Vehicle owners pay MVET as part of registration renewal

MOTOR VEHICLE EXCISE TAX (MVET)

- MVET paid by owners of different vehicles in Sound Transit district **can vary greatly**
 - Average annual payment is **\$139** (*DOL 2020 study of vehicle registration payment plans*)
- **MVET revenues fund debt service on Sound Transit's bonds**, which finance construction projects
 - Debt service on bonds = **little to no flexibility for Sound Transit**
 - While the State Supreme Court did not rule specifically on this question when it was raised in the case around I-976, Sound Transit believes that these revenues have certain legal protections
 - **State law requires Sound Transit to reimburse DOL for administration and collection costs related to the MVET**

WORKGROUP OVERVIEW

CHARGE: to recommend options for payment of vehicle fees or taxes due at the time of application for vehicle registration.

MEETING SCHEDULE: at least 5 meetings over the project

APPROACH:

1. Establish project goals - what are we trying to achieve and what are the trade-offs?
2. Define research questions and parameters
3. Develop evaluation criteria
4. Test ideas through engagement
5. Review engagement results and assess options through subcommittees
6. Draft recommended options

Workgroup Membership

- AAA (*invited*)
- DOL
- Drive Electric Washington
- Federal Way Licensing (subagent)
- King County Records & Licensing
- Sound Transit
- Transportation Choices Coalition

ENGAGEMENT APPROACH

- Gain insight on the needs and barriers experienced when paying vehicle registration fees
- Identify shared underlying interests (e.g., equity and a workable system) even when there are different preferences about methods
- Identify community-recommended options for payment plans or alternatives
- Increase awareness of how the current system works, revenue and equity implications, as well as what is realistically open to change



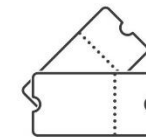
Survey Development



Transcreation:
Spanish, Chinese, Vietnamese



Community Partner +
Digital Outreach



Incentive:
Prize Drawing



Analysis

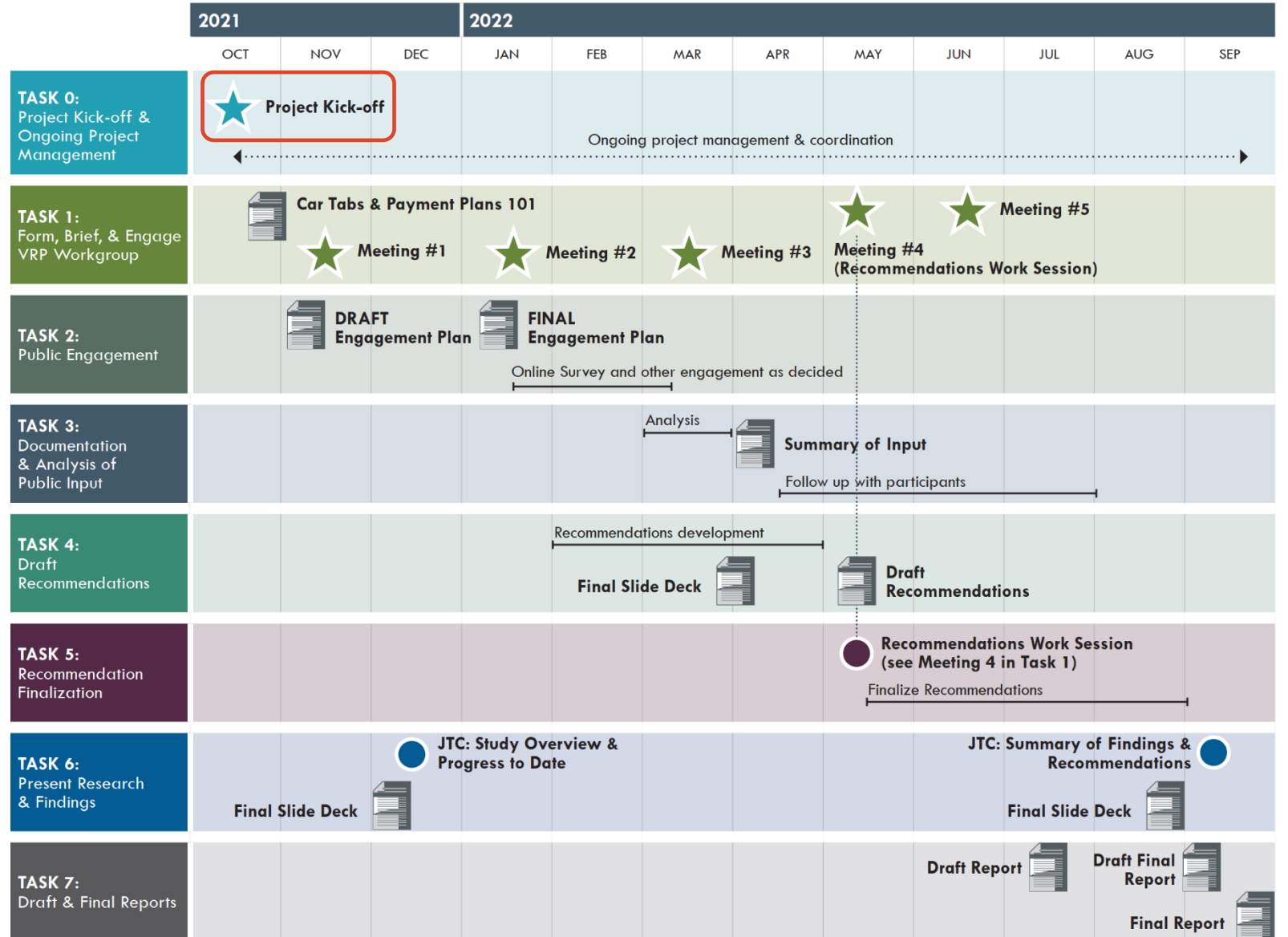


Findings Discussion +
Recommendations

PROJECT SCHEDULE

Key Milestones:

- *By July 15, 2022:*
Draft Recommendations
- *September 1, 2022:*
Final Recommendations
- *September 30, 2022:*
Final Report due to JTC



QUESTIONS FOR JTC

BEST CASE SCENARIO:

