

Revenue Estimating Conference
Highway Safety Licenses and Fees
Executive Summary
December 4, 2020

Adopted December 4, 2020, the new forecast for Highway Safety Licenses and Fees (HSMV) was revised upward relative to the previous forecast adopted July 29, 2020. By variable, the positive changes to the forecast exceed the smaller downward adjustments in FY 2020-21 by \$81.0 million. The positive adjustments in the outer years continue to outweigh the negative ones, with a \$53.2 million increase to FY 2021-22, a \$52.5 million increase to FY 2022-23, a \$44.3 million increase to FY 2023-24, a \$41.4 million increase to FY 2024-25, and a \$38.3 million increase to FY 2025-26.

Six of the revenue categories were increased for each year of the forecast, with the largest increases over the first two years occurring in the Titles and Initial Registration Fees categories. These changes combined amounted to \$60.2 million in FY 2020-21 and \$39.4 million FY 2021-22. Other categories whose estimates were increased include For Hire, Reinstatements, HSMV Plates, and Vessel Registrations. Red Light Cameras and IRP were the only revenue categories that were reduced throughout the forecast period. There was no change to the forecast for Commercial Driver Licenses, DUI, Suspensions, and Private Vehicles. Miscellaneous Fees, DL Tests, Transcripts, ID Cards, Surcharges, Motor Vehicle License Fees, Private Driver License, Other Vehicles, Truck/Tractors, and the future Biennial Adjustment had forecast revisions that were mixed between increases, decreases, and no changes.

During the 2019 Session, the General Revenue (GR) portion of base tag fees for Other Vehicles, Truck/Tractors, and For Hire Vehicles was redirected to the State Transportation Trust Fund (STTF). SB 7068, as passed by the 2019 Legislature, instructs that from the additional revenue received by STTF, STTF is to retain the first \$45 million in FY 2019-20 and the first \$90 million in FY 2020-21. The rest is to be transferred to the General Revenue Fund. In FY 2019-20, \$65.7 million was transferred from STTF to GR. As a result of the changes to the forecasted amounts for Heavy Trucks, Other Vehicles, For Hire Vehicles, and IRP noted above, the transfer from STTF to GR was increased from \$34.7 million to \$38.6 million in FY 2020-21, a change of \$3.9 million.

Cumulatively, the revised estimates by category resulted in higher projections relative to the prior forecast for all three of the major benefiting funds: the General Revenue Fund, the Highway Safety Operating Trust Fund, and the State Transportation Trust Fund. The final revisions by fund are shown below:

- General Revenue (including other adjustments)
 - FY 2020-21: \$21.3 million (5.2% increase)
 - FY 2021-22: \$14.6 million (3.9% increase)

- Highway Safety Operating Trust Fund
 - FY 2020-21: \$15.8 million (3.7% increase)
 - FY 2021-22: \$11.2 million (2.6% increase)

- State Transportation Trust Fund (including other adjustments)
 - FY 2020-21: \$37.5 million (2.9% increase)
 - FY 2021-22: \$22.6 million (1.7% increase)