

Revenue Estimating Conference

Highway Safety Licenses and Fees

Executive Summary

February 25, 2025

Adopted February 25, 2025, the new forecast for Highway Safety Licenses and Fees (HSMV) was revised upward relative to the previous forecast adopted July 30, 2024. By variable, the positive changes to the forecast exceeded the smaller downward adjustments in FY 2024-25 by \$42.0 million, producing a 1.4% upward adjustment to the forecast that mostly annualized the changes seen year-to-date. The positive adjustments in the outer years continue to outweigh the negative ones, with a \$25.8 million increase to FY 2025-26, a \$27.8 million increase to FY 2026-27, a \$29.7 million increase to FY 2027-28, a \$32.7 million increase to FY 2028-29, and a \$32.2 million increase to FY 2029-30.

Ten of the revenue categories were increased in each year of the forecast, with the largest increase over the first two years occurring in the Reinstatements category. This change totaled \$10.4 million in FY 2024-25 and \$11.7 million FY 2025-26. Other categories whose estimates were increased throughout include Transcripts, Other Vehicles, Private Vehicles, Heavy Trucks, For Hire, HSMV Plates, Motor Vehicle License Fees, Surcharges, and IRP. Revenue categories whose estimates were decreased in each year of the new forecast include Traffic Cameras, Miscellaneous Fees, ID Cards, DUI, and Vessel Registrations. The overall forecast for DL Tests, Commercial Driver Licenses, and Suspensions did not change. Private Driver Licenses, Titles, and Initial Registration Fees had forecast revisions that were mixed between increases, decreases and no changes. The Biennial Adjustment, which is calculated based on the adopted estimates for the four base tag categories, had forecast revisions that added to each year of the prior estimates except for FY 2024-25, which was unchanged.

Because discrete adjustments were made to each of the categories, the impact on the benefiting funds differed. Cumulatively, the revised estimates resulted in higher projections relative to the prior forecast for two of the major benefiting funds: the State Transportation Trust Fund and the Highway Safety Operating Trust Fund. Meanwhile, revenue projected to be deposited into the General Revenue Fund was increased relative to prior forecast for FY 2024-25 and decreased for FY 2025-26. The final revisions by fund are shown below:

- General Revenue
 - FY 2024-25: \$6.7 million (1.7% increase)
 - FY 2025-26: -\$6.0 million (-1.4% decrease)

- Highway Safety Operating Trust Fund
 - FY 2024-25: \$11.6 million (2.0% increase)
 - FY 2025-26: \$12.4 million (2.1% increase)

- State Transportation Trust Fund
 - FY 2024-25: \$21.7 million (1.4% increase)
 - FY 2025-26: \$17.4 million (1.1% increase)