

## **Motor Vehicle Division Informational Memo # 23-12**

### ***2023 Legislation—County convenience fee for driver’s license issuance***

**DATE:** May 12, 2023

**FROM:** Kathleen Meradith-Eyers, Director of Operations and Policy

**TO:** All Motor Vehicle Division staff, and Iowa County Treasurers and County Treasurer’s staff that issue driver’s licenses and non-operator’s identification cards

**EFFECTIVE:** July 1<sup>st</sup>, 2023

#### **SUBJECT**

This informational memo explains legislation passed during the 2023 legislative session which authorizes counties to charge a \$10 convenience fee for the issuance or renewal of a driver’s license or nonoperator ID card to a person who is not a resident of the county.

#### **SUMMARY**

Division XI of House File 718, enacted by the legislature during the 2023 session, allows (but does not require) counties to charge a \$10 fee to any person who is issued a driver’s license or nonoperator identification card at a county treasurer’s office that is not their county of residence. Counties that charge the fee will retain the entire fee in their county general fund. This fee does not apply to any customer being issued a card at a DOT driver’s license service center regardless of the customer’s county of residence.

The \$10 county convenience fee can be assessed to a non-resident of the county for issuance of the following: any type of driver’s license or permit, nonoperator identification card, commercial driver’s license, or commercial learner’s permit – including initial issuance, duplicate, renewal, or reinstatement. It does not include state employee identification cards as those are issued exclusively by DOT, nor does it include any service other than the actual issuance of a DL or ID card (e.g., driving test or civil penalty payment) or any vehicle-related service.

It will be up to the county to determine whether and when to charge or waive the \$10 county convenience fee. However, the bill specifically provides that non-residents who provide proof that they pay property tax to the county cannot be charged the fee.

**The legislation is effective July 1, 2023.**

We will be completing ARTS programming to allow counties to assess the \$10 convenience fee as part of the issuance transaction. **However, if this is not completed by July 1, 2023, counties can still begin collecting the convenience fee on their own and outside of ARTS beginning July 1.** Additional information will be shared when ARTS programming is completed.

#### **LINK TO LEGISLATION**

<https://www.legis.iowa.gov/legislation/BillBook?ga=90&ba=HF718> –Division XI

#### **CURRENT**

All county treasurers who choose to offer driver's license services under Iowa Code chapter 321M must serve any customer regardless of county of residence, without additional fee.

### **NEW**

Effective July 1<sup>st</sup>, 2023, county treasurers who issue driver's licenses under Iowa Code chapter 321M will be able to charge a \$10 fee to any person issued a card who is not a resident of the county and who doesn't provide proof of payment of property taxes to the county. County treasurers are still expected to provide service to all Iowans regardless of county of residence, whether or not they choose to charge the \$10 non-resident convenience fee.

**The DOT will continue to provide all driver's license and ID issuance services without this additional fee, regardless of the customer's county of residence.**

Whether a county chooses to charge this convenience fee, and how they determine whether a nonresident is exempt from the fee, is exclusively up to the counties. We encourage each county to establish a clear policy for whether and when they will charge the fee.

### **BUSINESS IMPACT**

Customers who choose to obtain a driver's license or ID card from a county treasurer's office that is not their county of residence may now be subject to an additional \$10 convenience fee. As a result, we anticipate some customer confusion or frustration regarding the new fee.

There is no direct impact to MVD driver's license issuance processes as a result of this bill.

We are currently working with IT to add functionality in ARTS for counties to assess and collect this fee as part of the ARTS transaction.

### **QUESTIONS AND ANSWERS**

#### **ARE COUNTIES REQUIRED TO CHARGE NON-RESIDENTS FOR DL OR ID ISSUANCE?**

No; the legislation provides that charging this fee is completely optional. We encourage counties to develop a clear, consistent policy for whether and when they will charge the fee.

#### **HOW SHOULD A COUNTY DETERMINE WHETHER A PERSON IS A RESIDENT OR NONRESIDENT OF THE COUNTY?**

It is ultimately the county's decision to determine whether a person is a resident. Because ARTS already identifies county of residence based on the person's residential address, the programming may need to default a person to resident or nonresident status, but the county can still choose to assess or waive the convenience fee per county policy.

Additionally, counties may need to establish a policy for determining residency if the customer has multiple residences or special circumstances.

#### **CAN A COUNTY CHARGE THE CONVENIENCE FEE ON A COMPLETELY FREE TRANSACTION?**

Yes. The legislation does not restrict the type of card issuance that qualifies for assessment of the additional \$10 convenience fee. This means a county could choose to charge the \$10 convenience fee to a nonresident even if the transaction itself is otherwise free (i.e., a free driver's license issued to a veteran, or a free ID card to a person voluntarily surrendering due to incapability).

**HOW SHOULD A COUNTY DETERMINE WHETHER A NON-RESIDENT SHOULD BE WAIVED FROM THE CONVENIENCE FEE?**

The county should develop a policy for determine what proofs are acceptable for a nonresident to be waived from the convenience fee in accordance with the new law. Notably, the legislation provides that the convenience fee cannot be assessed to a nonresident if the person “pays property tax to the county and provides proof of payment such as a receipt as provided in section 445.5, subsection 6, or another form of proof as determined by the county.”

**WILL REFUNDS BE ALLOWED?**

The DOT will not process refunds of the county convenience fee alone if the fee was correctly collected, based on the county’s policy at the time of the transaction.

If there was a legitimate error discovered as part of the transaction (e.g., the customer was double-charged) then a refund will be processed according to current policies and procedures.

**WILL COUNTIES NEED TO NOTIFY THE DOT OF THEIR INTENT TO CHARGE OR NOT CHARGE THE CONVENIENCE FEE?**

Depending on the programming solution in ARTS, we may need counties to notify us of their intent to charge the fee in advance. If this is the case, we will let counties know what information we need from them to turn on/off the fee collection function for their county location in ARTS.

**WHICH COUNTIES WILL BE MOST IMPACTED BY THIS CHANGE?**

We have been closely tracking issuance trends and monitoring resident/nonresident issuance of driver’s licenses and other cards for the past few years, and on average over the past 5 years, nonresident issuance accounts for 18-22% of total county card issuance. This number is 14-17% for DOT service centers. It is important to remember that this is only card issuance and does not include other services that tend to be offered in higher concentration by DOT service centers (CDL testing, re-examinations, counseling of reinstatement/foreign national transactions, etc).

Below are the issuance percentages for calendar year 2022.

	Total % of issuance to non-residents
<b>Adair</b>	17%
<b>Adams</b>	29%
<b>Allamakee</b>	7%
<b>Appanoose</b>	7%
<b>Audubon</b>	35%
<b>Benton</b>	33%
<b>Boone</b>	35%
<b>Bremer</b>	35%
<b>Buchanan</b>	17%
<b>Buena Vista</b>	11%
<b>Butler</b>	16%

<b>Calhoun</b>	16%
<b>Carroll</b>	13%
<b>Cass</b>	22%
<b>Cedar</b>	25%
<b>Cherokee</b>	28%
<b>Chickasaw</b>	14%
<b>Clarke</b>	19%
<b>Clay</b>	12%
<b>Clayton</b>	2%
<b>Crawford</b>	16%
<b>Davis</b>	12%
<b>Decatur</b>	10%
<b>Delaware</b>	54%
<b>Dickinson</b>	11%

<b>Emmett</b>	7%
<b>Fayette</b>	16%
<b>Floyd</b>	12%
<b>Franklin</b>	20%
<b>Fremont</b>	11%
<b>Greene</b>	33%
<b>Grundy</b>	14%
<b>Guthrie</b>	27%
<b>Hamilton</b>	9%
<b>Hancock</b>	14%
<b>Hardin</b>	18%
<b>Harrison</b>	16%
<b>Henry</b>	17%
<b>Howard</b>	14%

<b>Humboldt</b>	10%
<b>Ida</b>	24%
<b>Iowa</b>	32%
<b>Jackson</b>	30%
<b>Jasper</b>	26%
<b>Jefferson</b>	6%
<b>Jones</b>	62%
<b>Keokuk</b>	33%
<b>Kossuth</b>	11%
<b>Lee</b>	1%
<b>Louisa</b>	13%
<b>Lucas</b>	18%
<b>Lyon</b>	11%
<b>Madison</b>	27%
<b>Mahaska</b>	12%

<b>Marion</b>	8%
<b>Mills</b>	36%
<b>Mitchell</b>	8%
<b>Monona</b>	53%
<b>Monroe</b>	15%
<b>Montgomery</b>	16%
<b>O'Brien</b>	13%
<b>Osceola</b>	13%
<b>Page</b>	10%
<b>Palo Alto</b>	9%
<b>Plymouth</b>	18%
<b>Pocahontas</b>	13%
<b>Poweshiek</b>	9%
<b>Ringgold</b>	11%
<b>Sac</b>	8%

<b>Shelby</b>	24%
<b>Sioux</b>	10%
<b>Tama</b>	14%
<b>Taylor</b>	6%
<b>Union</b>	15%
<b>Van Buren</b>	19%
<b>Warren</b>	41%
<b>Washington</b>	12%
<b>Wayne</b>	5%
<b>Winnebago</b>	14%
<b>Winneshiek</b>	6%
<b>Worth</b>	19%
<b>Wright</b>	7%