

**TESTIMONY
BEFORE THE
PENNSYLVANIA
HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION**

**BY
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OF
THE PENNSYLVANIA
ON-LINE MESSENGER
ASSOCIATION**

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HARRISBURG, PA**

Chairman Hess and members of the Committee, thank you for inviting the Pennsylvania On-Line Messengers Association to testify regarding Senate Bill 1 and other modifications to Titles 74 and 75.

My name is John Yurconic and I am a small businessperson in Pennsylvania. My company operates eleven (11) retail offices in Berks, Carbon, Lehigh, Northampton and Schuylkill Counties which serve Pennsylvania consumers by processing vehicle registration and driver license transactions. My customers receive immediate response for registration cards, license plates, camera cards, and driver's licenses just to name some of our standard transactions.

I am an ON-LINE MESSENGER!

There are approximately 8,000 issuing agents in Pennsylvania who serve the consumer. Nearly 3,000 of those are linked electronically to the Pennsylvania Department of Transportation (Penn DOT) for on-line titling and registration. Approximately 300 offices are On-Line Messengers – which means we have access with Penn DOT to process many different transactions immediately for the benefit of the consumer.

On-Line Messengers are small businesses scattered across the Commonwealth in hundreds of urban, suburban and rural communities. We employ our neighbors and pay our taxes. And we enjoy a true public-private partnership with PennDOT.

Through our electronic link, On-Line Messengers and PennDOT can serve the consumer quickly and efficiently. On-Line Messengers save the Commonwealth and PennDOT millions of dollars because we bear the cost of processing transactions. We do work that would otherwise require public tax dollars if left to PennDOT to fulfill. We are proud of our partnership with PennDOT, and believe it is an efficient and cost-effective manner in which to serve the motoring public. We believe it will grow and prosper in coming years as PennDOT continues to embrace this model of electronic processing.

Since the public dialogue about transportation began in earnest in 2011, and since the issuance of the Transportation Funding Advisory Committee (TFAC) Report, we have expressed concerns about the unintended consequences that could arise from certain proposals included in the Report and manifested in the statutory language of Senate Bill 1.

Please allow me to be very clear, and repeat our position emphatically – The Pennsylvania On-Line Messenger Association is agnostic on the issue of removing the cap on the Oil Company Franchise tax, or the adjustment of any and all fees associated with driving in Pennsylvania. We simply DO NOT take a position on the issue of revenue generation.

We do, however, have concerns about two proposals in SB 1:

- 1) Changing from a one (1) year to two (2) year vehicle registration renewal, and
- 2) Changing from a four (4) year to six (6) year driver's license renewal.

While we are also concerned about a third change proposed by the TFAC Report - namely the elimination of the license plate registration sticker - we recognize that this issue is absent from SB 1 because it is within the purview of PennDOT regulation rather than statute. Nonetheless, we have concerns about the proposal.

Because On-Line Messengers are the retail point-of-service for fast, accurate, and efficient processing, we understand the nuances of the changes proposed in SB 1. On-Line Messengers process millions of transactions annually. Our daily interaction with consumers allows us to understand what motivates the consumer, what the consumer needs, and how the consumer uses the system.

As a result, we know that changing to a two (2) year vehicle registration renewal will only exacerbate and increase the number of uninsured vehicles in Pennsylvania. For instance, some people pay the minimum deposit on insurance to receive an insurance card and are therefore issued a license plate and sticker. The insurance is usually valid for 30 to 60 days with their deposit. Afterward, if they do not pay any additional premiums the insurance lapses. Under the current renewal period (annually), they potentially could drive up to 11 months without insurance. If the proposal to move toward a two year registration (card and sticker) is enacted, they will be able to drive up to 23 months without insurance before they have to do something or respond to PennDOT.

Indeed, Pennsylvania has been cited for having one of the lowest uninsured motorist populations of any state because of its annual registration renewal requirement. Thirty-five (35) states currently have a one (1) year registration renewal.

This change will also create a negative cash flow for Pennsylvania individuals and families. Pennsylvania residents will be forced to pay double the registration fee at one time. While this does not seem significant, it would be for families with multiple vehicles and individuals living on fixed incomes. This cash flow burden could lead to people refusing to renew their registration on time, driving with an expired registration, and lower revenue to Pennsylvania. The other negative impact would be lost revenue to the consumer since Penn DOT does not refund the unused portion of the registration fee. Examples include the owner selling his/her vehicle without replacement early in the registration term, or in the case of death.

Small businesses would also be severely harmed by this change. Businesses with trucks or fleets could incur a significant cash flow challenge when renewing vehicles for two years. Contractors who are struggling now would incur a significant financial burden with a two (2) year registration renewal. Many could eliminate vehicles from their fleet

thus reducing revenue to PennDOT. Some businesses may have to divert maintenance funds to renewing registrations, potentially allowing unsafe vehicles on the road.

Finally, the Commonwealth will see job losses and retail outlets shuttered if this change is made. The Pennsylvania consumer has already demonstrated that a market exists for their use of on-line messengers. Consumers use the service, and vehicle registration renewals account for close to 40% of the messengers' revenues. We will be forced to reduce our employee compliment if this change occurs.

Changing drivers' license renewals from the current four (4) year renewal to six (6) years creates many issues. First, the durability of the license is simply weak. We see hundreds of customers forced to pay more money to obtain duplicate driver's licenses under the current system. Because the current product physically breaks down over four (4) years, we wonder how many duplicates will be required of a driver over a six (6) year period.

For address changes, the Pennsylvania driver would have to carry a flimsy paper update card for up to six (6) years.

Identification challenges will be exacerbated as well. Law enforcement officials have, on and off the record, bemoaned the challenges of clear identification from outdated driver's licenses. The physical changes occurring over a six (6) year period will only confuse the matter more for law enforcement, TSA, transferring vehicle ownership, or banking as an example. Overall, extending the driver's license renewal to six (6) years will create greater financial burden on Pennsylvania drivers.

Birdsboro (Berks County) Police Chief Ted Roth, who has also served as the President of the Berks County Chiefs of Police Association, has said it clearly, "Having up-to-date information on Drivers licenses is important to law enforcement. Officers use photos and license information to identify and locate individuals. The more recent the picture, the better," he said. "While people are required to notify PennDOT if they move, many don't. With the current 4 year Drivers license, police at least know a person's information was updated in the last four years."

While Senate Bill 1 does not contain language about eliminating the license plate registration sticker, the TFAC Report recommendation to do so is disturbing. By PennDOT's own evaluation, 47 states still use the vehicle registration sticker. We recommend its continuation.

Eliminating the vehicle registration sticker will cause a dramatic increase in the number of uninsured vehicles being driven in Pennsylvania. Currently Pennsylvania vehicle owners know that the sticker will provide a visual indicator to law enforcement. This visual indicator forces the vehicle owner to make sure he/she renews their registration on an annual basis and carries insurance at renewal time. Without the renewal sticker, Pennsylvania residents could carry insurance at the time of the vehicle registration and then not make future insurance payments. Without the sticker on the

plate they would not fear law enforcement noticing the expiration date. They might be able to drive for years uninsured and with an expired registration. This will lead to loss of revenue to PennDOT. Some local law enforcement agencies do not have "look up" capabilities in their vehicles to determine if a license plate is expired. The sticker provides a quick and easy visual indication as to whether the vehicle is properly registered. Also, color coding of the sticker is another quick visual indicator as to whether the vehicle is properly registered. That is why, in April, 2000, PennDOT replaced the red "T" sticker that was used on temporary registration plates with the 90-day Temporary Registration permit. The Permit was to be put in the back windshield of the vehicle so law enforcement could see the expiration date clearly. By doing this Penn DOT expected to significantly reduce fraud, increase registrations by 4 to 5 percent, and reduce the number of uninsured motorists. Elimination of the sticker will remove this useful tool from law enforcement. There would be a loss of revenue to Penn DOT as a certain segment of the public might not renew their vehicle registration, because there is no visual indication they are expired.

Again, Police Chief Roth expresses the opinion of many law enforcement officials when he told the Reading Eagle, "Stickers are still used by local police departments. Officers can see quickly if a sticker is expired rather than having to look it up. An expired registration gives an officer a reason to pull over a vehicle if something seems suspicious," he said.

By all estimates, these three minor changes in the Vehicle Code will possibly save the Commonwealth less than \$5 million annually. In our working partnership with PennDOT, the On-Line Messenger Association has offered several concepts or other changes to the system that could save well over \$10 million annually. To their credit, PennDOT officials are studying and, in some cases, embrace these ideas to save significant public monies. The On-Line Messenger Association will endeavor to continue helping PennDOT, and Pennsylvania drivers, by looking for greater efficiency in our processing system, reducing costs, and providing reliable and convenient service.

On the issues of vehicle registration renewals, drivers' license renewals, and license plate registration stickers, the On-Line Messenger Association respectfully encourages this Committee, and the entire General Assembly, to support current law and make no changes to it. Vehicle registrations of one (1) year, drivers' license renewals of four (4) years, and maintaining registration stickers is prudent public policy, and provides financial relief to Pennsylvania drivers.

Thank you, again Mr. Chairman, for allowing me to testify before your Committee today.