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Testimony to Senate Transportation Committee
17 April 2003
By State Controller Kathy Augustine

The State Controller's Office is here to support AB 30, in particular Section 6, which eliminates the Department of Motor Vehicles registration refunds. This is a sound fiscal move which will restore approximately \$4.5 million annually to the General fund to support state services and the General fund cash balance. My office has been issuing refunds at a rate of almost 400 refunds per day with a 35-day lag in payments. The range of checks issued has been from one penny to \$5,003.20. To give an example, in FY '02, 9,118 checks under \$1 were issued for a total of \$8,527.03. State checks under \$1 in FY '02 totaled 1,222 for \$1,103.04. And, outstanding checks in FY '02 under \$1 were 53, totaling only \$39.68.

As of last week, the State Controller's Office has had to cancel 11,793 stale checks, or about 10% of the total refund checks issued to date, and has had 2,368 or 2.35% of the checks issued returned as undeliverable. The average cost to produce each check is about \$4.86, which includes the cost of check stock, postage, envelopes, etc. The estimated total personnel cost for my

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office to cancel each stale check, which takes about 30 minutes at \$14.00 per hour, is \$82,551.00.

This biennium (2001-2003), the state will lose about \$2.3 million in highway funds and \$5.9 million from the school fund as a result of these refunds. This is no longer acceptable in these tough fiscal times.

I encourage the committee to amend AB30 back to its original form by eliminating subsections 8 and 9 in Section 6 of the bill, which provides for the continuance of refunding vehicle registrations over \$100. A companion bill, AB 477, requested by the Department of Administration to eliminate the requirement for the DMV to refund certain registration fees and governmental services taxes upon transfer of ownership or interest in motor vehicles was amended in the same way.