

HB 207 -- DEPARTMENT OF REVENUE FEE OFFICES

SPONSOR: Hinman

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on General Laws by a vote of 9 to 1. Voted "Do Pass" by the Standing Committee on Rules-Legislative by a vote of 9 to 1.

This bill increases service fees charged by Department of Revenue fee offices for certain transactions.

The bill also specifies that the Director of the Department of Revenue may not award fee office contracts to entities affiliated with a current employee of the Department or with a former employee of the Department for the one-year period following the employee's termination of employment, and no person affiliated in any manner with an entity awarded a fee office contract will be affiliated with a motor vehicle title service agent.

The Director can extend certain fee office contracts by up to five years. When deciding whether to extend a contract, the Director must evaluate performance under the contract.

Beginning April 1, 2026, one dollar from every fee increased that is collected by a contract fee office is to be remitted to the "License Office Distribution Fund" established in the bill. The funds are to be held in trust for the fee office contract holders, and are not considered State revenue. After June 30, 2026, but no later than August 15, 2026, the amount of money remitted to the Fund each quarter must be distributed equally among fee offices, as specified in the bill.

This bill is the same as SB 3 (2025).

PROPOSERS: Supporters say that currently, many taxpayers have to drive up to 75 miles to reach the nearest fee office, and that the lack of offices is due to an inability to charge sufficient rates to match overhead costs, such as quality employees. The last time a fee increase was authorized was 1999, and then again in 2019, but the COVID pandemic resulted in skyrocketing costs. This set of circumstances has led to rural offices shutting down because almost all of the operating cost has to be shouldered by the owner.

Testifying in person for the bill were Representative Hinman; Joseph Plaggenberg, Plaggenberg Law Lc; P&H Mgmt Lc; Terry Cole; Josko Wrabec.

OPPOSERS: Those who oppose the bill say that this is yet another fee being imposed upon the taxpayer. These offices are basically

for-profit entities that should be solely operated by a state agency like the Department of Revenue. Opponents further say if an individual fee office is being run poorly, and as a result it is at risk of shuttering, providing that office with increased service fees would be rewarding bad office management.

Testifying in person against the bill was Arnie Dienoff.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.