

Driver's License Revocation Fairness Amendment Act of 2017, Bill 22-618

Before the Committee on Transportation and the Environment

Mary M. Cheh, Chair



**Comments by
Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer
and
Clarice Wood, Associate Treasurer, Banking and Operations
Office of Finance and Treasury**

**Jeffrey S. DeWitt
Chief Financial Officer
Government of the District of Columbia**

Thank you for the opportunity to comment on Bill 22-618, the “Driver’s License Revocation Fairness Amendment Act of 2017.” The Bill requires the Director of the Department of Motor Vehicles (DMV) to develop an application for hardship and to conduct a review to determine if a resident is able to pay fines owed to DMV. If a hardship is determined, the Director would establish a payment plan or settlement for the District resident.

The Office of the Chief Financial Officer’s (OCFO), Office of Finance and Treasury (OFT) would like to express several concerns. The ability to determine hardship, based on the criteria in the Bill, would be impossible for any District agency to confirm without access to secure systems of verification, such as those administered by the U.S. Social Security Administration, the Department of Human Services (DHS), the Department of Behavioral Health, and the Department of Housing and Community Development. These systems protect the personal information and privacy of residents who qualify for the respective benefits. Allowing access may put these systems and resident’s private information at risk for identity theft, fraud, and misuse. OFT recommends that one agency, perhaps DHS, that has access to qualifying programs and eligibility assessments be assigned the task of creating the form, criteria recommendations, and validate eligibility for those residents claiming hardship. In addition, OFT’s Central Collection Unit (CCU) recommends that the U.S. Internal Revenue Service’s (IRS)

Collection Financial Standards be used to determine financial hardship. The IRS publishes national and local Collection Financial Standards; the CCU uses the local Collection Financial Standard to determine a person's ability to pay debts while considering income and expenses.

Similar to the model for returning citizens implemented by the Office of Returning Citizens Affairs, the CCU suggests hardship determination start with the development of a validation form with eligibility criteria in a centralized office; after the hardship determination, the resident then proceeds to the CCU with his or her documentation for qualification for payment plans or settlements. This procedure maintains the security of the systems and privacy of the resident's information.

Each agency has its respective adjudication and collection processes as well as time frames before a payment to the District is declared delinquent. The CCU does not accept debts until they are aged at least 90 days and the agency's adjudication process is completed. In her testimony to the Committee on July 6, 2018, DMV Director Lucinda Babers recommended that the original CCU establishment legislation be amended to eliminate this 90-day requirement. Accordingly, OFT asks that the CCU debt acceptance threshold of 90-days remain unchanged.

We are also concerned about the automatic determination that a payment plan or settlement be granted without incorporating language limiting repetitive requests for payment plans or settlements. The CCU was established in 2012; it has been CCU's experience that 90% of payment plans result in default. Residents make the initial down payment but do not pay the remaining installments. Without a limitation on the number of times a resident can request a payment plan or settlement, the Bill is likely to result in significantly lower collections and increased administrative costs and processing times. If the Bill remains as written, the CCU would have to increase personnel costs to accommodate the increased number of residents continuing to return for payment plans and settlements.

Thank you for the opportunity to provide comments. Should you have any questions, please direct them to Clarice Wood, Associate Treasurer for Operations and Banking, at (202) 727-6055.