



## AAMVA Statement on Proposal for a Federal Vehicle Registration Fee

AAMVA recognizes that the long-term solvency of the Highway Trust Fund is a genuine and pressing policy challenge. The registration transaction has never served as a federal revenue collection mechanism and repurposing it to do so is not a simple extension of existing capacity — it is a structurally new use of state administrative authority with significant operational, legal, and resource implications.

Vehicle registration is, by design, a state function. Fees collected at registration satisfy state licensing and titling requirements, and the systems, legal authorities, and administrative infrastructure underlying that process exist solely in service of those state obligations.

Before commandeering state services in pursuit of an additional federal fee, consideration in the following issue areas need to be resolved before the proposal can advance:

1. **Removal of Sanctions Imposed Before Implementing Framework Exists.** While AAMVA would prefer the sanctions be removed entirely, the proposal activates compliance obligations and withholding authority without first establishing the federal administrative infrastructure necessary to implement them. States are expected to collect and remit a federal fee in the absence of guidance, reliable vehicle population identification tools, or a defined remittance framework. Sanctioning states for noncompliance before the federal government establishes the means to comply inverts the proper sequence of implementation.
2. **Insufficient Implementation Timeline.** Integrating a federal fee into state registration systems requires state legislation in many jurisdictions, procurement and system modifications, workflow redesign, staff training, and vendor coordination. These processes routinely span multiple years and legislative cycles. The compliance window provided is inadequate to accomplish necessary implementation in good faith.
3. **Departure from the Consumption-Based Funding Methodology.** A flat annual registration fee assessed by vehicle type breaks from any consumption-based principle by imposing a fixed charge irrespective of vehicle miles traveled, usage patterns, or actual infrastructure impact.
4. **Unreliable Identification of Fee-Eligible Vehicles.** No technical resource exists to reliably identify covered vehicles. NHTSA's Vehicle Product Information Catalog (VPIC) cannot reliably identify all electric and hybrid vehicles subject to the fee. This problem runs in both directions: inconsistent manufacturer reporting means some eligible vehicles are not identifiable as such at the time of manufacture, and VIN-based lookup cannot detect post-sale propulsion conversions. Without a reliable vehicle identification mechanism, consistent and equitable fee application is not achievable.
5. **No Mechanism for Individual Nonpayment Enforcement.** The statute provides no means to compel or penalize individual vehicle owners who decline to pay the federal fee. State registration systems and fee-collection authority derive from state law; a vehicle owner who complies with state registration requirements but refuses to pay the federal fee faces no meaningful consequence. The entire enforcement burden falls on states, which lack the legal authority to enforce a federal obligation.
6. **Funding and Inadequate Administrative Retention.** The 1% retention allowance does not reflect the actual cost to states of collecting, remitting, and maintaining systems for a federal fee. State agencies will incur ongoing staffing, technology, and reconciliation costs that substantially exceed this allowance, effectively requiring states to subsidize federal revenue collection. An increase in both the retention percentage based on current fee structure and the cap on grant funding should be reevaluated for sufficiency.
7. **Disproportionate Withholding Penalty.** The 125% withholding mechanism is punitive relative to noncompliant fee amounts and would impose severe financial consequences on states for administrative failures that may be entirely outside their control. A proportionate and graduated

penalty structure aligned with a realistic implementation schedule would better serve the program's compliance objectives.

AAMVA stands ready to work with Congress to develop a workable framework that addresses these concerns and reflects the operational realities of expanded vehicle registration.