

CHAPTER 6

REPORT IDENTIFYING DISPOSITION OF STATE MOTOR-VEHICLE AND MOTOR-CARRIER REVENUE

This chapter provides instructions for preparing form FHWA-566, State Motor-Vehicle Registration Fees and Other Receipts: Initial Distribution by Collecting Agencies. This form summarizes the gross revenues collected from the State taxation of motor vehicles, driver licenses and motor carriers and then reports the initial distribution of those tax receipts. Form FHWA-566 provides a measurement of the funds flowing from collecting agencies to expending agencies.

The revenues reported on form FHWA-566 should be consistent with the receipts reported on forms FHWA-561, FHWA-562, and FHWA-571, and the distributions reported on form FHWA-531. (See Chapters 3, 4, 5, and 8 for discussions of the respective reports and the data being reported.) Completing form FHWA-566 does not eliminate or alter the requirement for the completion of forms FHWA-561, FHWA-562, and FHWA-571.

GENERAL CONSIDERATIONS

In most cases, form FHWA-566 should be prepared from the records of the State agencies that are responsible for the collection and distribution of funds from the taxation of motor vehicles, drivers, motor carriers, and other for-hire vehicles, i.e., State department of motor vehicles, State department of public safety, State public utilities commission, etc. When the collecting agency is not the distributing agency and only serves as a conduit to transfer the funds to the distributing agency, form FHWA-566 should be prepared by the State office or agency that maintains the most complete record of the funds and their distributions, i.e., State treasurer, State comptroller, State auditor, etc.

When separate forms have been prepared by different collecting agencies, the combined revenue totals of the individual forms should be reported in the appropriate column or columns on form FHWA-566. For example, if two State agencies are involved in the collection of State motor-carrier taxes and each agency prepares a separate form FHWA-571, total revenues should be combined and reported in column (C), FHWA-566.

If the State has a preference, it may prepare separate FHWA-566 forms for each collecting and distributing agency to account for funds shown on forms FHWA-561, FHWA-562, and FHWA-571. When separate

FHWA-566 forms are used, the source agency for each form must be clearly identified.

Ordinarily, refunds should have been deducted from receipts on forms FHWA-561, FHWA-562, and FHWA-571. If not, they should be deducted and identified on form FHWA-566 in items 1.D, 1.E., or 1.F., so that item 1.G. will record net receipts after refunds.

Some States include on forms FHWA-561, FHWA-562, or FHWA-571 only the receipts collected by the department of motor-vehicles, public utilities commission, or similar agency and exclude receipts (such as truck-weighing fees or overload permit fees) that are collected and retained by the State highway agency or the State department of public safety. However, the intent of these forms is to capture and report all motor-vehicle, driver-license, and motor-carrier receipts, and any others related to vehicle ownership and operations. Any receipts not reported on the FHWA forms should be reported and identified on a schedule attached to forms FHWA-561, FHWA-562 or FHWA-571 and similarly accounted for on form FHWA-566 in items 1.D, 1.E., or 1.F.

Table MV-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* should be used as a guide for the taxes and fees to be accounted for on form FHWA-566 and the disposition of those revenues in item 8. of form FHWA-566.

INSTRUCTIONS FOR FORM FHWA-566

Page 1 of form FHWA-566 provides space for entering the State name, the fiscal or calendar reporting year, notes and comments, and a reference to identify the source of the information reported on the form.

Page 2 of form FHWA-566 provides for an accounting of the receipt and allocation of funds reported on forms FHWA-561, FHWA-562 and FHWA-571.

Item 1. Reconciliation of receipts.—Enter the total receipts during the fiscal or calendar year as reported on (1) form FHWA-561, registration fees, title fees, dealer licenses, and other receipts in column (A); (2) form FHWA-562, driver licenses in column (B), and (3) form FHWA-571, motor-carrier taxes in column (C).

Ordinarily the receipts reported on form FHWA-566, item 1. will be the same as those reported on form FHWA-561, section IV, on form FHWA-562, item II.F., column (5), and on form FHWA-571, item 9., column (7). However, if these are compiled for a registration year that does not coincide with the year being reported, differences may exist. When differences exist, a reconciliation statement should be completed (items 1.D. through 1.F. may be used for this purpose), or an explanation provided in a note or in a supplemental statement.

Instructions for forms FHWA-561 and FHWA-571 provide for recording, on both forms, the payments of motor-carrier taxes imposed in lieu of registration fees. To avoid any duplication, the amounts included on form FHWA-571 should be deducted in item 1. (items 1.D. through 1.F.), FHWA-566, column (A) with the notation that the distribution has been accounted for on form FHWA-566, column (C) or on a separate form FHWA-566.

Item 2 Deductions by county and local officials.—Record the collection and administrative expenses deducted by county and other local officials that act for the State in processing motor-vehicle registrations, issuing driver licenses, and handling other functions normally associated with a State Department of Motor Vehicles (DMV) or similar agency. Local officials include both agents of local governments, and private agents authorized to issue registrations and drivers licenses.

Item 2.A. Collection and administrative expense—Enter the amount either retained by or paid to county and other local governments for their expenses in: collecting motor-vehicle and driver license fees, administering motor-vehicle registration laws, issuing driver licenses, and providing other services normally associated with a State department of motor vehicles.

When estimated service charges for local collection expenses are included in item III.E, FHWA-561, those local service charges for motor-vehicle registrations and driver licensing should also be included in this item.

Item 2.B. Other—Enter and specifically identify any other deductions by county or other local officials, for services other than those reported in item 2.A.

In some cases, the local officials also deduct the proportion of receipts provided by law to be turned over to the local governments for highway or other purposes. The amount of such deductions should not be entered

here. Instead, these State-to-local transfers should be identified and reported in item 8.

Item 3. Net receipts by State collecting agency.—Enter net receipts after deducting item 2.C. from item 1.G.

Item 4. Deductions by State collecting agency for operation and administration.—Enter the amount retained or deducted by the State collecting agency for revenue collection expenses associated with the administration of motor-vehicle, driver-license, and motor-carrier taxation prior to depositing the net collections in the State treasury or otherwise disposing of them. Additional information on collection expenses is recorded in item 10.

When total collections are deposited in the State treasury as a credit to a transportation trust fund, a highway trust fund, or the State highway agency, without any deduction for collection expenses, no entry needs to be made in item 4. The entire distribution should be shown in item 8. This may occur when the expenses of the collecting agency are paid from a highway or transportation fund after the initial distribution of revenues is made.

When total collections are deposited in the State general fund for State general purposes, and collection agency costs are paid by the State general fund, then such costs should be entered in item 4., with the net proceeds shown as distributed to the State general fund in item 8. If actual collection agency costs are unavailable, then they should be estimated.

Item 5. Net funds available for distribution.—Enter the amount remaining after subtracting item 4. from item 3.

Item 6. Balance undistributed at end of previous year.—Record any balances in the hands of the State collecting agency, or to its credit, at the beginning of the reporting year. If the amount differs from that reported as undistributed at the end of the prior year, a note should explain the adjustment.

If form FHWA-566 is prepared from records of the State treasurer, auditor, or comptroller, the balance may be the amount on hand in a revolving fund, the State general fund, or a highway-user distribution account in the State treasury. In some cases, it may be necessary to combine this fund balance with any amounts in the hands of the collecting agency to account for the total amount of undistributed funds.

Item 7. Total funds available for distribution.—Enter the sum of items 5. and 6.

Item 8. Amounts distributed.—Record the allocation of motor-vehicle, driver-license, and motor-carrier revenues to the expending agencies or funds. In general, the distributions in items 8.A. through 8.J. should be consistent with the information in table MV-106 in *Highway Taxes and Fees, How They Are Collected and Distributed* or current statutes where they supplant those given in table MV-106. In the event these revenues, together with other road-user taxes, are placed in an intermediate clearing fund, such as a highway-user tax distribution fund, a balanced statement of the clearing fund should accompany form FHWA-566.

Item 9. Balance undistributed at end of year.—Enter the amount remaining after subtracting item 8.K. (total funds distributed) from item 7. (total funds available for distribution).

Item 10. Expenditures by State collecting agency.—Record amounts expended by the State department of motor-vehicles or other collecting agency. In most cases, the entry in this item will equal the State collecting agency deductions reported in item 4.

When the collection expenses reported in item 4. represent appropriations rather than actual expenditures, there may be differences between items 4. and 10. If the collection agency's retained revenues differ from its actual expenditures in a given year, then the difference should be explained in a note and reconciled by providing the collecting agency's opening and closing cash balances.

Item 10 may also be used to report additional collection expenses that were funded by other revenue sources, such as State general funds or highway funds. A note should be provided to identify the funding source of any additional expenditures that are included.

The expenditure categories shown in items 10.A. through 10.G. reflect the typical activities of a State department of motor-vehicles or similar collecting agencies. Some State collecting agencies perform highway law enforcement and safety functions, in addition to the administration of motor-vehicle, and driver-license taxes and fees. To the extent possible, collecting agency expenditures should be classified by the major categories shown in items 10.A. through 10.G. If a State collecting agency is not involved in some of the activities listed, then those items should be left blank.

Items 10.A. through 10.D.—Enter any State collecting agency expenditures on highway law enforcement and safety activities. For detailed definitions of these items,

refer to the Chapter 8 instructions for item A.5., FHWA-532.

Expenditures for highway law enforcement and safety activities made by other State agencies should be excluded from these items, and reported on form FHWA-532, item A-5.

Amounts reported in these items are combined with amounts reported on form FHWA-532, items A.5.a. through A.5.d, to arrive at a total figure for expenditures on highway law enforcement and safety by all State agencies. To avoid duplication, any amounts reported on form FHWA-566, item 10., should not be reported on form FHWA-532.

Items 10.E. through 10.G.—Enter the collecting agency expenses for the administration of motor-vehicle, driver-license, and motor-carrier taxation. These expenses should not be duplicated in any item on form FHWA-532.

Item 10.H.—Enter and identify any expenditures of the State collecting agency included in item 4. that are not easily categorized into items 10.A. through 10.G. Expenditures reported in this item should not be duplicated in any item on form FHWA-532.

SUPPLEMENTAL INFORMATION

Form FHWA-566 is a condensed statement of finances. To assist the FHWA Washington Headquarters in interpreting the data on the form and in understanding the transactions, it would be helpful if the States provided supplemental schedules, such as balanced statements of the motor-vehicle inspection fund, driver training fund, and highway patrol fund, with form FHWA-566 where appropriate. Copies of annual reports or budgets of the department of motor-vehicles, the department of public safety (highway patrol), and other collecting agencies should be supplied to the Washington Headquarters as reference material. Also, when legislation affects the amount or distribution of motor-vehicle or motor-carrier revenues, a copy of the legislation should be provided to the Washington Headquarters (HPPI-10).