



DVR Service Evaluation and Fee Sufficiency Study

Report Number: KTC-26-25

DOI: <https://doi.org/10.13023/ktc.rr.2026.25>





Kentucky Transportation Center
College of Engineering, University of Kentucky, Lexington, Kentucky

in cooperation with
Kentucky Transportation Cabinet
Commonwealth of Kentucky

The Kentucky Transportation Center is committed to a policy of providing equal opportunities for all persons in recruitment, appointment, promotion, payment, training, and other employment and education practices without regard for economic, or social status and will not discriminate on the basis of race, color, ethnic origin, national origin, creed, religion, political belief, sex, sexual orientation, marital status or age.

Kentucky Transportation Center
College of Engineering, University of Kentucky, Lexington, Kentucky

in cooperation with
Kentucky Transportation Cabinet
Commonwealth of Kentucky

© 2026 University of Kentucky, Kentucky Transportation Center
Information may not be used, reproduced, or republished without KTC's written consent.

Research Report

KTC-26-25

DVR Service Evaluation and Fee Sufficiency Study

Mallory Brown, Ph.D.
Research Scientist

Andrew Martin, Ph.D.
Program Manager

Jeeyen Koo
Research Scientist

and

Jennifer Walton, P.E.
Associate Director

Kentucky Transportation Center
College of Engineering
University of Kentucky
Lexington, Kentucky

In Cooperation With
Kentucky Transportation Cabinet
Commonwealth of Kentucky

The contents of this report reflect the views of the authors, who are responsible for the facts and accuracy of the data presented herein. The contents do not necessarily reflect the official views or policies of the University of Kentucky, the Kentucky Transportation Center, the Kentucky Transportation Cabinet, the United States Department of Transportation, or the Federal Highway Administration. This report does not constitute a standard, specification, or regulation. The inclusion of manufacturer names or trade names is for identification purposes and should not be considered an endorsement.

March 2026

1. Report No. KTC-26-25	2. Government Accession No.		3. Recipient's Catalog No.	
4. Title and Subtitle DVR Service Evaluation and Fee Sufficiency Study			5. Report Date March 2026	
			6. Performing Organization Code	
7. Author(s) Mallory Brown, Andrew Martin, Jeeyen Koo, Jennifer Walton			8. Performing Organization Report No. KTC-26-25	
9. Performing Organization Name and Address Kentucky Transportation Center 176 Raymond Building University of Kentucky Lexington, Kentucky 40506-0281			10. Work Unit No.	
			11. Contract or Grant No. SPR 25-677	
12. Sponsoring Agency Name and Address Kentucky Transportation Cabinet 200 Mero Street Frankfort, Kentucky 40622			13. Type of Report and Period	
			14. Sponsoring Agency Code	
15. Supplementary Notes Prepared in cooperation with the Kentucky Transportation Cabinet.				
16. Abstract The Kentucky Transportation Cabinet's (KYTC) Department of Vehicle Regulation (DVR) administers numerous fees and taxes. Many administered by the two divisions in DVR — Motor Vehicle Licensing (DMVL) and Motor Carriers (DMC) — have remained unchanged for many years despite salary increases, the adoption of more complex and expensive technologies, and inflation raising administrative costs. This report provides in-depth assessments of 10 fees and taxes (selected by division administrators). Six are administered by DMVL — certificate of title, duplicate title, vehicle title history report, additional registration fee, reflectorized license plate fund, and trailer registrations — and four are managed by DMC, including International Fuel Tax Agreement (IFTA) registration/decals, Kentucky Intrastate Tax (KIT) registration/decals, the Kentucky Highway Usage Tax (KYU), and Kentucky Intrastate for Hire. Based on state budget data, reports from the Kentucky Automated Vehicle Information System (KAVIS), and data from other states in the Southeast, researchers recommend modifying each of the 10 fees analyzed. The report provides detailed justifications for doing so. A nationwide survey of transportation agencies found that changes in fees and taxes are typically enacted through the legislative process, but that relevant subject-matter experts rarely have the opportunity to provide input when legislation is drafted. Most states do not track how much it costs to administer fees and taxes, weakening their ability to determine if fees are sufficient to finance the provision of services. However, many have compared their fees and taxes to those charged by other states. Kentucky's DVR will benefit by reviewing and updating fees and taxes regularly and developing an inventory of all fees and taxes it administers so it has better knowledge of what resources are necessary to coordinate administration. KYTC should also elicit the participation of DVR administrators when changes in fees or taxes are contemplated by legislators.				
17. Key Words vehicle regulation, administration, taxation, fees			18. Distribution Statement Unlimited with approval of the Kentucky Transportation Cabinet	
19. Security Classification (of this report) Unclassified	20. Security Classification (of this page) Unclassified		21. No. of Pages 39	22. Price

Table of Contents

Executive Summary	1
Chapter 1 Introduction	3
1.1 Project Purpose.....	3
1.2 Background	3
1.3 Previous Research	4
Chapter 2 Assessment of DVR Fees	6
2.1 Process	6
2.2 Data Sources	6
2.3 Motor Vehicle Licensing Fees.....	6
2.3.1 Vehicle Title History.....	6
2.3.2 Certificate of Title.....	8
2.3.3 Duplicate Title	10
2.3.4 Additional Registration Fee	12
2.3.5 Reflectorized License Plate Fee	13
2.3.6 Trailer Registration	14
2.4 Motor Carriers Fees	16
2.4.1 KYU	16
2.4.2 IFTA Registration and Decals	17
2.4.3 KIT Registration and Decals	19
2.4.4 Kentucky Intrastate For-Hire	20
Chapter 3 Recommendations and Justifications.....	21
3.1 Motor Vehicle Licensing Fees.....	21
3.1.1 Vehicle Title History.....	21
3.1.2 Certificate of Title.....	21
3.1.3 Duplicate Title	22
3.1.4 Additional Registration Fee	22
3.1.5 Reflectorized License Plate Fee	22
3.1.6 Trailer Registrations.....	22
3.2 Motor Carrier Fees	23
3.2.1 KYU	23
3.2.2 IFTA Registration and Decals	24
3.2.3 KIT Registration and Decals	24
3.2.4 Kentucky Intrastate For-Hire	24
Chapter 4 State Survey	25
4.1 Survey Development.....	25
4.2 Survey Distribution	25
4.3 Survey Analysis.....	25
4.3.1 Survey Participation	25
4.3.2 Data Summary.....	26
4.3.3 Discussion.....	29

Chapter 5 Conclusions	31
5.1 Limitations.....	31
5.2 Current Legislation	31
5.3 Key Takeaways.....	31
References	32

List of Figures

Figure 2.1 Cost of Complete Vehicle Title History Report in Southeastern States	7
Figure 2.2 Title History Requests — Income Under Different Fee Scenarios	8
Figure 2.3 Cost of Certificate of Title — Personal Vehicle	9
Figure 2.4 New Vehicle Titles — Income Under Different Fee Scenarios	10
Figure 2.5 Cost of Replacement Title — Personal Vehicle	11
Figure 2.6 Replacement Vehicle Titles — Income Under Different Fee Scenarios	12
Figure 2.7 Additional Registration Fee Allotments (FYs 2020 – 2022 and 2024 – 2025)	13
Figure 2.8 Fees Collected from Reflectorized License Plate Program (FYs 2020 – 2022 and 2024 – 2025)	14
Figure 2.9 Fees Collected for Registering Truck Trailers and Renewing Registrations (FYs 2020 – 2022 and 2024 – 2025)	15
Figure 2.10 Rates Charged By States With Weight-Distance Taxes	16
Figure 2.11 KYU Revenues (FYs 2015 – 2024)	17
Figure 2.12 Trends in Truck Transportation GDP and Registered CMVs (FYs 2015 – 2024)	17
Figure 2.13 Cost of IFTA Decals in Southeastern United States	18
Figure 2.14 IFTA Applications — Income Under Different Fee Scenarios	19
Figure 2.15 KIT Applications — Income Under Different Fee Scenarios	20
Figure 4.1 Participating Jurisdictions	26
Figure 4.2 Factors Included in Calculating Administrative Fees	27
Figure 4.3 Time Since Last Proposed or Implemented Fee Change	27
Figure 4.4 Most Common Reasons for Proposing a Fee Change	28

List of Tables

Table 1.1 2011 KTC Recommendations for KYTC Fee Changes	4
Table 2.1 DVR Fees Evaluated in This Study.....	6
Table 2.2 Vehicle Title History Processing Summary (FY 2025)	7
Table 2.3 Certificate of Title Processing Summary (FY 2025).....	8
Table 2.4 Duplicate Title Processing Summary (FY 2025)	10
Table 2.5 Application, Vehicle, and Annual Fees for Intrastate For-Hire in Southeastern States.....	20

Executive Summary

The Kentucky Transportation Cabinet's (KYTC) Department of Vehicle Regulation (DVR) administers numerous fees and taxes, the proceeds of which help to fund essential services and infrastructure. Many fees and taxes have remained at the same levels for decades despite salary increases, the adoption of more complex and expensive technologies, and inflation raising administrative costs. Failure to adjust fees on a regular basis negatively impacts DVR operating budgets and financially burdens taxpayers, who subsidize services that were intended to be self-sufficient. The decline in fee collections over time also leads to long-term infrastructure degradation.

To identify fees and/or taxes that could warrant updates, Kentucky Transportation Center (KTC) researchers compiled exhaustive documentation on nearly 100 fees and taxes administered by three DVR divisions: Motor Vehicle Licensing (DMVL), Driver Licensing (DDL), and Motor Carriers (DMC). Based on input from division administrators, researchers selected 10 fees and taxes for in-depth analysis — four administered by DMC and six by DMVL. Based on assessments of state budget data, reports from the Kentucky Automated Vehicle Information System (KAVIS), and data from other states in the Southeast, the research team recommends modifying all 10 fees and taxes. Table E1 lists recommended updates. All updates require amending existing statutes but are consistent with the user-pays principle. Chapter 4 provides detailed justifications for each recommendation.

Table E1 Recommended Changes to DVR Fees and Taxes

Fee / Tax	Recommendations
Vehicle Title History	- Amend KRS 61.874(3) to incorporate staff charges when setting fee charges. - Amend KAR 2:020(6) to increase the cost of the vehicle title history to \$6.
Certificate of Title	Amend KRS 186A.130(1) to increase the cost of a certificate of title to \$21. Increase the county clerk's share to \$7 and KYTC's share to \$14.
Duplicate Title	Amend KRS 186A.130(2) to increase the cost of a duplicate title to \$21. Increase county clerk's share to \$7 and KYTC's share to \$14.
Additional Registration Fee	Amend KRS 186.040(6)(b) to increase total cost to \$6, or \$2 allotment per fund.
Reflectorized License Plate	Amend KRS 186.240(2) to increase the fee from \$0.50 to \$1.00.
Trailer Registration	- Amend KRS 186.650 to add definitions for <i>pole trailer</i> and <i>utility trailer</i>. - Amend KRS 186.675(1) to change the fee structure so it is based on trailer type rather than the vehicle pulling a trailer. Set fees at \$4.50 for utility trailers and \$19.50 for truck trailers. - Develop a new trailer plate for utility trailers (KRS 186.685).
Weight-Distance Tax (KYU)	- Amend KRS 138.660 to increase KYU to \$0.0587 per mile. - or - Amend KRS 138.660 to index the KYU per-mile rate to construction costs.
IFTA Registration/Decals	Amend 601 KAR 1:200§3(5) to add a fee of \$15 for a set of IFTA decals
KIT Registration/Decals	Amend 601 KAR 1:200§3(5) to add a fee of \$15 for a set of KIT decals.
Intrastate for Hire	- Amend KRS 281.630(3)(b) to increase the certificate fee from \$25 to \$50. - Amend KRS 281.630(4)(d) to increase renewal fee from \$25 to \$50. - Amend KRS 281.631(3)(a) to increase the vehicle fee from \$10 to \$20.

Researchers also developed a survey focused on fee and tax administration distributed by the American Association of Motor Vehicle Administrators (AAMVA) to member jurisdictions. Responses indicated most state agencies lack

formal processes for introducing fee or tax changes. Usually, changes are enacted through the legislative process, but appropriate administrators rarely have the opportunity to provide input as legislation is being drafted. Most states do not track how much it costs to administer fees, weakening their ability to determine if fees are sufficient to finance the provision of services. Many states have conducted cross-state analyses to verify their fees and taxes are set at levels comparable to adjacent states. Evaluating how other states administer fees and taxes can help agencies and lawmakers identify best practices for implementing updates.

Kentucky's DVR will benefit from adopting a framework that supports regular reviews and updates of fees and taxes. The department should also prioritize efforts to inventory all fees and taxes it administers so it has better knowledge of what resources are necessary to coordinate administration. KYTC should also make a concerted effort solicit the participation of DVR administrators when fee or tax changes are being considered by legislators.

Chapter 1 Introduction

1.1 Project Purpose

The Kentucky Transportation Cabinet's (KYTC) Department of Vehicle Regulation (DVR) administers and collects numerous fees and taxes for passenger and commercial carriers as well as individuals. These fees and taxes account for a large portion of revenues collected by DVR and help fund essential activities. Examples of DVR services include commercial driver's license applications, driver history records, state traffic school, vehicle titles, specialty license plates, overweight/over-dimensional (OW/OD) permits, and KY-for-Hire authority. Generally, services are paid for through a tax or fee authorized under the Kentucky Revised Statutes (KRS). Many services and taxes/fess have been unchanged for decades. DVR officials are concerned that a lot of services are antiquated or that the administrative and/or infrastructure costs of service delivery greatly exceeds revenues KYTC collects to finance them. This study had several objectives to address these issues:

- Catalogue existing DVR services and the taxes and fees used to fund them
- Evaluate the necessity of each service
- Document the administrative costs and infrastructure costs (where appropriate) DVR incurs and the costs surrounding states charge to provide similar services
- Recommend adjustments to DVR tax/fee structures
- Identify best practices to implement changes

1.2 Background

Kentucky's transportation funding framework relies heavily on mandatory vehicle fees, usage taxes, and registration charges. At the core is a 6% motor vehicle usage tax levied on the retail price of a vehicle when it is first registered in the state or upon transfer of ownership. This functions much like a sales tax and is collected by county clerks during the titling and registration process. In addition to the usage tax, vehicle registration and titling have fixed statutory fees.

Kentucky has adapted its fee structure to reflect changes in transportation trends and revenue needs. One recent example is electric vehicle (EV) ownership fees. EV owners pay an additional amount on top of standard registration fees (Kentucky Transportation Cabinet, 2026). These adjustments reflect a commitment to the user-pays principle and ensures that all roadway users contribute fairly to the Road Fund, which finances the maintenance and construction of roads and bridges.

Driver licensing and related fees generate revenue and support administrative functions. Fees for traditional driver licenses, permits, and renewals cover the operational costs of issuing credentials and enforcing driving laws. Some legislative proposals could expand where and how these services are delivered (including allowing more local offices to process renewals for a fee), illustrating the importance of fee structures evolving in response to challenges associated with delivering services as well as constituent needs.

Commercial carriers and heavy vehicles contribute through weight-based registration fees and specialized programs. Although Kentucky's fees do not mirror International Registration Plan (IRP) fees, their structure for heavier vehicles aligns with interstate commerce principles by grading fees according to declared gross weight. Weight-based revenues are often paired with other transportation taxes, such as weight-mile charges (KYU), that support highway upkeep and regulatory functions overseeing heavy traffic on the state's infrastructure.

Data from recent fiscal analyses indicate that vehicle registration, licensing, and property taxes contribute a significant portion of Road Fund revenues, underscoring the role of these fees in supporting everyday administrative operations as well as major highway and infrastructure programs (The Corradino Group, 2024).

1.3 Previous Research

In 2011, a Kentucky Transportation Center (KTC) research study provided recommendations related to 15 fees (Table 1.1) (Martin, Walton, Spellman, McCormack, & Bell, 2011).

Table 1.1 2011 KTC Recommendations for KYTC Fee Changes

Fee	Cost	Proposed Change
Commercial Driver's Licensing Application	\$40	No Proposed Change
Driver History Records	\$3	- Uncertified: \$8 - Certified: \$10
Driver License Reinstatement	- Operator License: \$40 - CDL: \$50	\$75 for all + \$10 administrative fee for hearing requests
Extended-Weight Coal Haul Decal	- Single-Unit, 3 axle: \$160 - Single-Unit, 4 axle: \$260 - Tractor-semi, 5 or more: \$360 - Tractor-semi, 5 or more (unlimited weight): \$840 + \$10 per 1,000lb over 80,000lb	- Single-Unit, 3 axle: \$305 - Single-Unit, 4 axle: \$500 - Tractor-semi, 5 or more: \$690 - Tractor-semi, 5 or more (unlimited weight): \$1,600 + \$20 per 1,000lb over 80,000lb - Additional \$20 processing fee for each decal
Hardship License Fee	\$5	\$10
Issuing International Fuel Tax (IFTA)	- New IFTA Application: \$0 - Annual Renewal Fee: \$0 - Set of Decals: \$0	- New IFTA Application: \$20 - Annual Renewal Fee: \$20 - Set of Decals: \$10
Issuing Kentucky Intrastate Tax (KIT)	- New KIT Application: \$0 - Annual Renewal Fee: \$0 - Set of Decals: \$0	- New KIT Application: \$20 - Annual Renewal Fee: \$20 - Set of Decals: \$10
Issuing Kentucky Highway Use License (KYU)	Application: \$0	Application: \$20
Non-Citizen Driver Application	\$0	\$10
Overweight/Overdimensional and Superload Permits	- One-time Permit: \$60 - Annual Permit <14 ft wide: \$250 - Annual Permit >14ft wide: \$500	\$.12/mile for all OW/OD and Superload permits - Establish Superload category \$200 structural analysis fee for loads >200,000lbs
State Traffic School	\$25	\$40
Substance Abuse Program	\$0	\$10

Fee	Cost	Proposed Change
Issuing U-Drive-It Operation Certificate	\$250	No Proposed Change
U-Drive-It Usage Tax	6% of gross rental or lease charges	No Proposed Change
U-Drive-It Seat Tax for Issuing Passenger Car License	- First Registration: \$15 - Renewal: \$15	No Proposed Change

Many recommendations were not adopted. There are several reasons for this, including the difficulty of making statutory changes. The legislative process is complex, and a great deal of advocacy is required to amend laws. Lawmakers do not hold favorable views of fee changes that impact the public, especially when fees are increased, and dedicated action is often needed to incorporate proposed changes into bills.

Chapter 2 Assessment of DVR Fees

2.1 Process

We documented the nearly 100 fees and taxes assessed by three DVR divisions — Motor Vehicle Licensing (DMVL), Driver Licensing (DDL), and Motor Carriers (DMC), — recording the cost of each fee, share of the fee apportioned to KYTC, and the authorizing statute. DMVL and DMC division administrators identified fees they wanted our team to evaluate in detail and recommend ways to modify them. In light of ongoing systems changes and REAL ID requirements, DDL did not ask us to examine any fees. In total, we evaluated 10 fees and taxes: six administered by DMVL and four administered by DMC (Table 2.1).

Table 2.1 DVR Fees Evaluated in This Study

Motor Vehicle Licensing
• Vehicle Title History • Certificate of Title • Duplicate Title • Additional Registration Fee • Reflectorized License Plate Fee • Trailer Registration
Motor Carriers
• KYU • IFTA Registration & Decals • KIT Registration & Decals • Kentucky Intra for Hire

2.2 Data Sources

All Kentucky-specific data were procured from Monthly Management Budget Status reports; Revenues, Transfers and Other Funding Analysis reports; and Kentucky Automated Vehicle Information System (KAVIS) reports. Administrative leaders provided additional division-specific information, including internal reports and current employment numbers and salaries. We also met with the Office of Budget and Fiscal Management to gather background information on DVR financial operations. Most data are from fiscal year (FY) 2025, but we used historical data to detect trends in revenue. We collected data on fees and taxes charged by other states in the Southeast through internet searches and via a nationwide survey distributed through the American Association of Motor Vehicle Administrators (AAMVA).

2.3 Motor Vehicle Licensing Fees

2.3.1 Vehicle Title History

Vehicle title history records are available to Kentucky residents and any business registered with the Kentucky Secretary of State. The fee for a title history is \$3, and records requests can be submitted by mail or via drop-off boxes at KYTC's Frankfort campus. Applications are processed in 3 – 5 business days and mailed or emailed to the requestor (Kentucky Transportation Cabinet, 2026).

Form TC96-16A (*Request for Motor Vehicle or Boat Record that Includes Personal Information*) distinguishes between commercial and non-commercial requests as such: “\$3.00 per record for a Commercial Request; \$0.10 per page plus mailing cost for a Non-Commercial Request (VIN, title number, or license plate number is required).” Despite this distinction, DMVL charges \$3 for each request regardless of type.

Processing each vehicle title history request costs KYTC \$2.63. This was calculated based on average processing time, average salary of staff processing requests, number of individuals processing requests, and DMVL's yearly operating expenses. Table 2.2 summarizes key information related to processing vehicle title histories.

Table 2.2 Vehicle Title History Processing Summary (FY 2025)

Cost	\$3
Form	TC 96-16A
Relevant KAR/KRS	601 KAR 2:020(6)/KRS 61.874
Who Processes Fee	Administrative Specialist/Administrative Specialist Sr
Average Time to Process	3 minutes
Average Monthly Salary of Processors	\$3,687.82
Number of FT Employees Issuing	4
Hourly Salary w/ Benefits	\$41.54
Yearly Operating Expenses – DMVL	\$288,717.89
Operating Expenses Per Billable Hour	\$3.15
Average Cost to Cabinet Per Request	\$2.63

2.3.1.1 Comparison to Southeast States

Figure 2.1 shows fees charged by each state. Kentucky charges less than all other states in the Southeast. Florida and West Virginia impose the highest charge (\$25). The average cost is \$13.20.

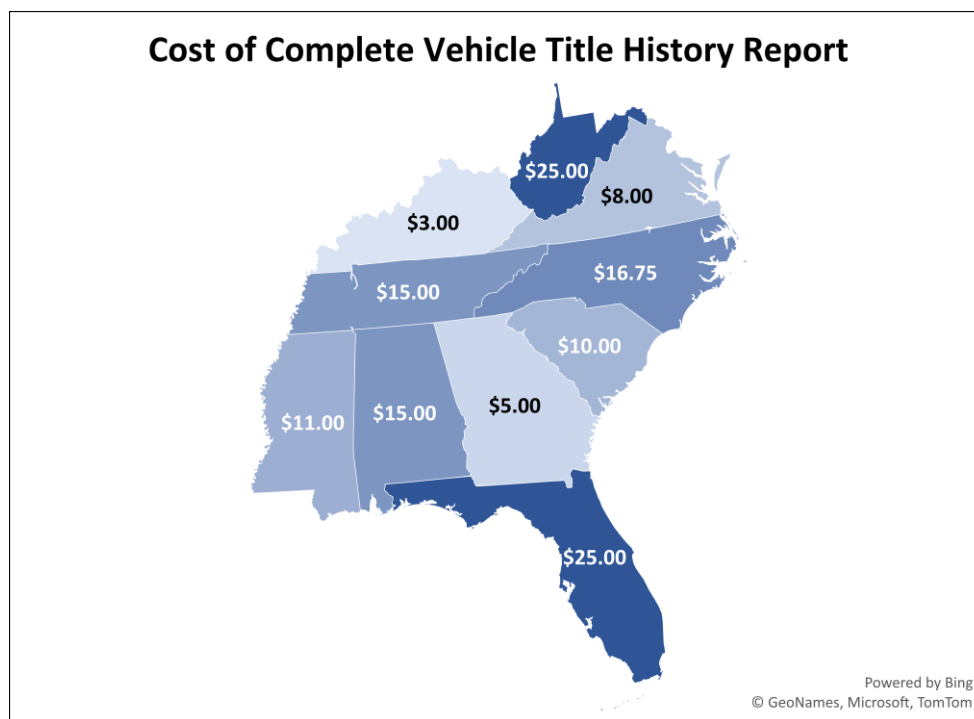


Figure 2.1 Cost of Complete Vehicle Title History Report in Southeastern States

2.3.1.2 Calendar Year 2025 Income

In calendar year (CY) 2025, Kentucky generated \$3,933.89 from vehicle title history reports. Had the state charged the regional average of \$13.20, total revenue would have been \$21,827.94. Imposing a fee of \$25 would have produced \$44,059.14 in revenue. Figure 2.2 shows KYTC income under different fee scenarios.

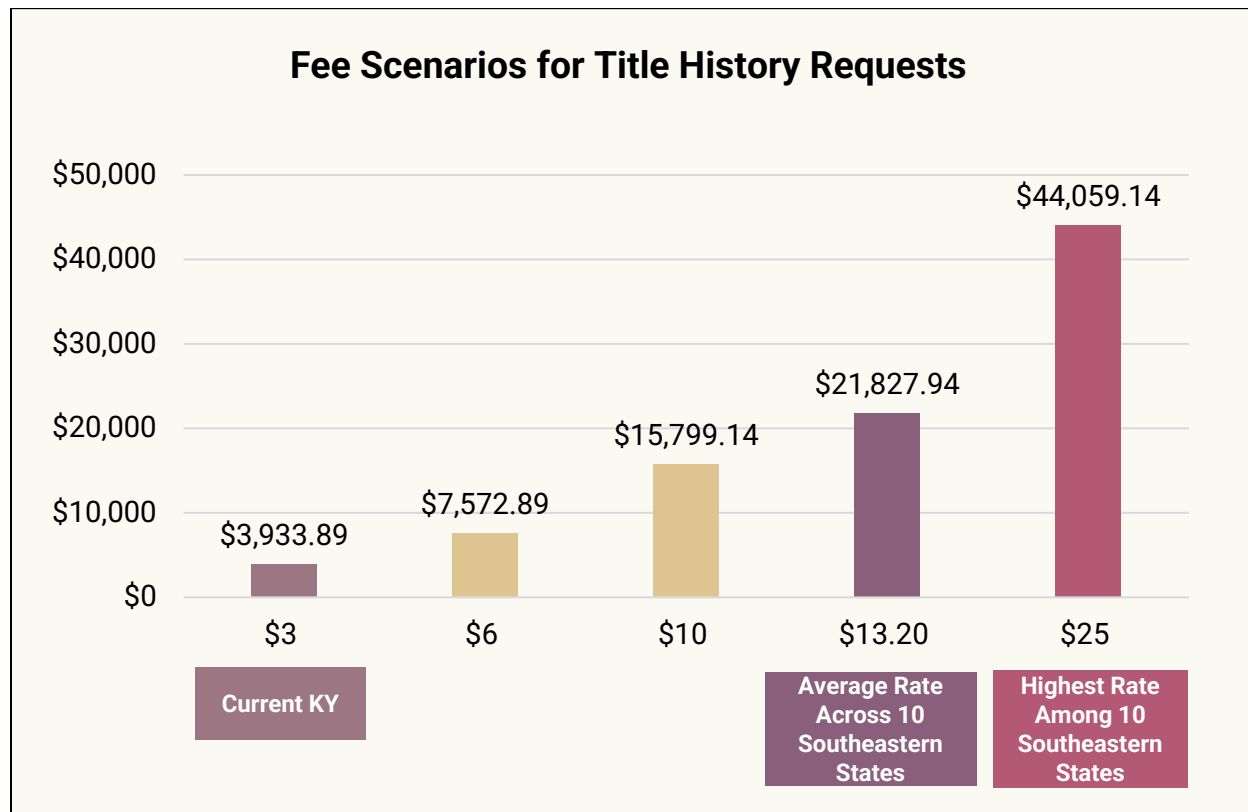


Figure 2.2 Title History Requests — Income Under Different Fee Scenarios

2.3.2 Certificate of Title

For personal vehicles, the certificate of title is a new title presented to the vehicle owner from a sale or transfer of a vehicle from one person to another. Any person who buys a vehicle or brings a vehicle into Kentucky from another state must obtain a Kentucky title within 15 days (Boyle County, Kentucky, 2026). To receive a new title, an individual completes Form TC96-182 (*Application for Kentucky Certificate of Title or Registration*), has a sheriff conduct a serial number inspection, provides proof of insurance for the vehicle, and submits the social security numbers of everyone listed on the title. The current fee for a new title is \$9. Per KRS 186A.130(1), the county clerk reviewing an application receives \$6 and KYTC receives \$3 (Fee for title application, 2009).

All vehicle titles are reviewed and sent out by temporary employees who are classified as Administrative Specialists. Average processing time for each title is 2.4 minutes. Table 2.3 summarizes key information on certificates of title based on FY 2025 data.

Table 2.3 Certificate of Title Processing Summary (FY 2025)

Cost	\$9
Cabinet Receives	\$3
Form	TC96-182

Relevant KAR/KRS	KRS 186A.130(1)
Who Processes Fee	Administrative Specialist (temporary)
Average Time to Process	2.4 minutes
Number of FT Employees Issuing	20
Hourly Salary	\$18.31
Yearly Operating Expenses – Vehicle Titling	\$620,755.66
Operating Expenses Per Billable Hour	\$14.92
Average Cost to Cabinet Per Request	\$1.33

2.3.2.1 Comparison to Southeastern States

Figure 2.3 displays amounts Southeast states charge for vehicle titles. The average cost is \$25.45. Fees charged by Florida (\$77.25) and South Carolina (\$66.75) increase the regional average significantly. All other states charge less than \$20 for new titles.

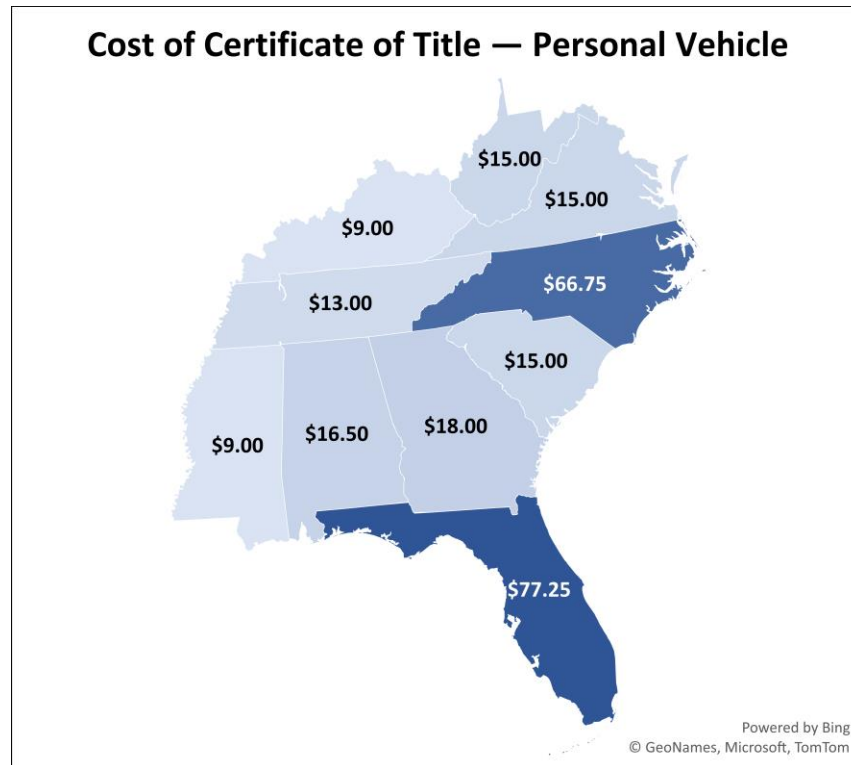


Figure 2.3 Cost of Certificate of Title — Personal Vehicle

2.3.2.2 Fiscal Year 2025 Income

In FY 2025, KYTC processed 446,410 new titles, generating \$933,808 in revenue for the agency. Had Kentucky charged the average rate of the southeastern states (\$25.45), income would have risen to \$3.1 million. Charging Florida's rate of \$77.25 would have resulted in an income of \$10,790,051. Figure 2.4 shows KYTC income under different fee scenarios.

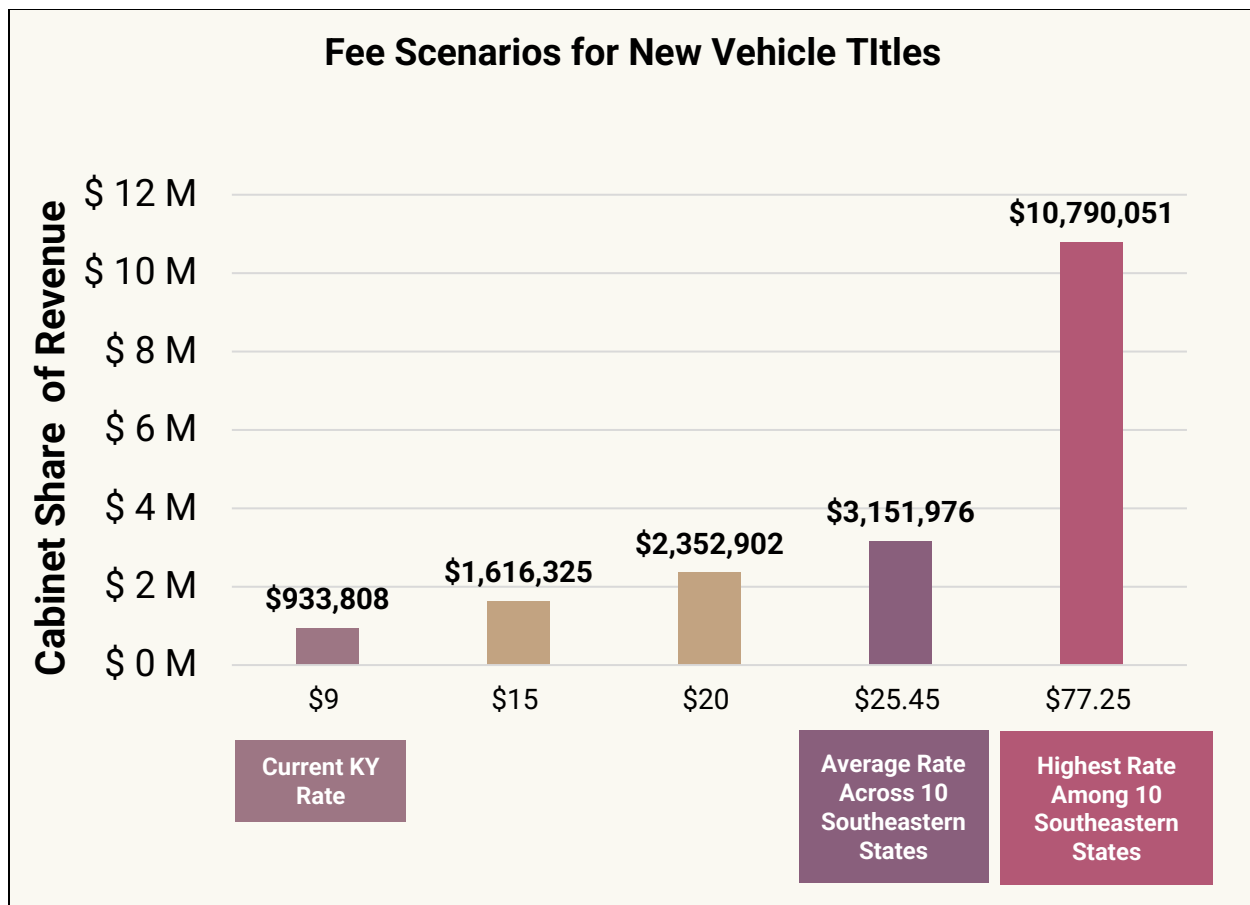


Figure 2.4 New Vehicle Titles — Income Under Different Fee Scenarios

2.3.3 Duplicate Title

The process to receive a duplicate title in Kentucky is very similar to the process for obtaining a new title. Individuals submit Form TC 96-182 (*Application for Kentucky Certificate of Title or Registration*) along with a \$6 fee. KYTC retains \$2 of that fee. Duplicate titles are managed by temporary employees classified as Administrative Specialists. Yearly operating expenses attributable to duplicate titles are purposefully lower than for certificate of titles. Duplicate titles represent 45% of the overall workload, while new titles represent 55%. Yearly operating expenses were distributed accordingly. Table 2.4 summarizes key information about duplicate titles based on FY 2025 data.

Table 2.4 Duplicate Title Processing Summary (FY 2025)

Cost	\$6
Cabinet Receives	\$2
Form	TC96-182
Relevant KAR/KRS	KRS 186A.130(2)
Who Processes Fee	Administrative Specialist (temporary)
Average Time to Process	2.4 minutes
Number of FT Employees Issuing	20
Hourly Salary	\$18.31
Yearly Operating Expenses – DMVL	\$507,890.99
Operating Expenses Per Billable Hour	\$14.92

Average Cost to Cabinet Per Request	\$1.33
-------------------------------------	--------

2.3.3.1 Comparison to Southeastern States

Figure 2.5 displays amounts Southeast states charge for duplicate vehicle titles. Kentucky charges less than any other state. Regionwide, the average cost is \$19.48, and Florida charges the highest fee (\$77.25). In some states (Mississippi, West Virginia, Virginia, South Carolina) prices for new and duplicate titles are the same; Tennessee charges \$1 more for a duplicate title than for a new title.

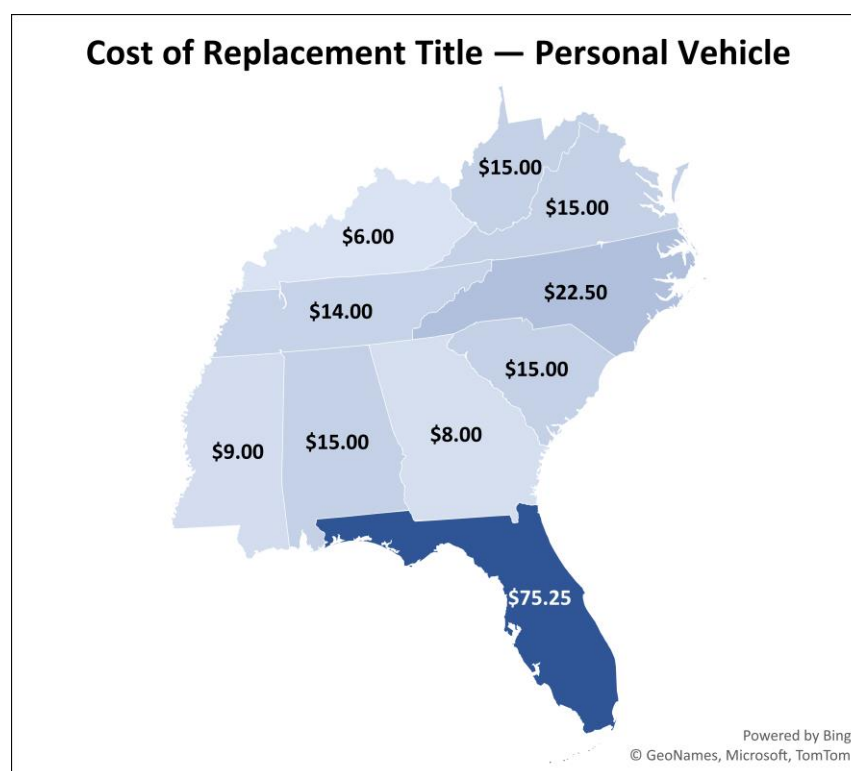


Figure 2.5 Cost of Replacement Title — Personal Vehicle

2.3.3.2 Fiscal Year 2025 Income

In FY 2025, KYTC processed 316,986 duplicate titles, resulting in an income of \$207,559.21. Had Kentucky charged the regionwide average (\$19.48), income would have risen to \$1.6 million. Charging Florida's rate of \$75.25 would have produced income of \$7,483,800. Figure 2.6 shows KYTC income under different fee scenarios.

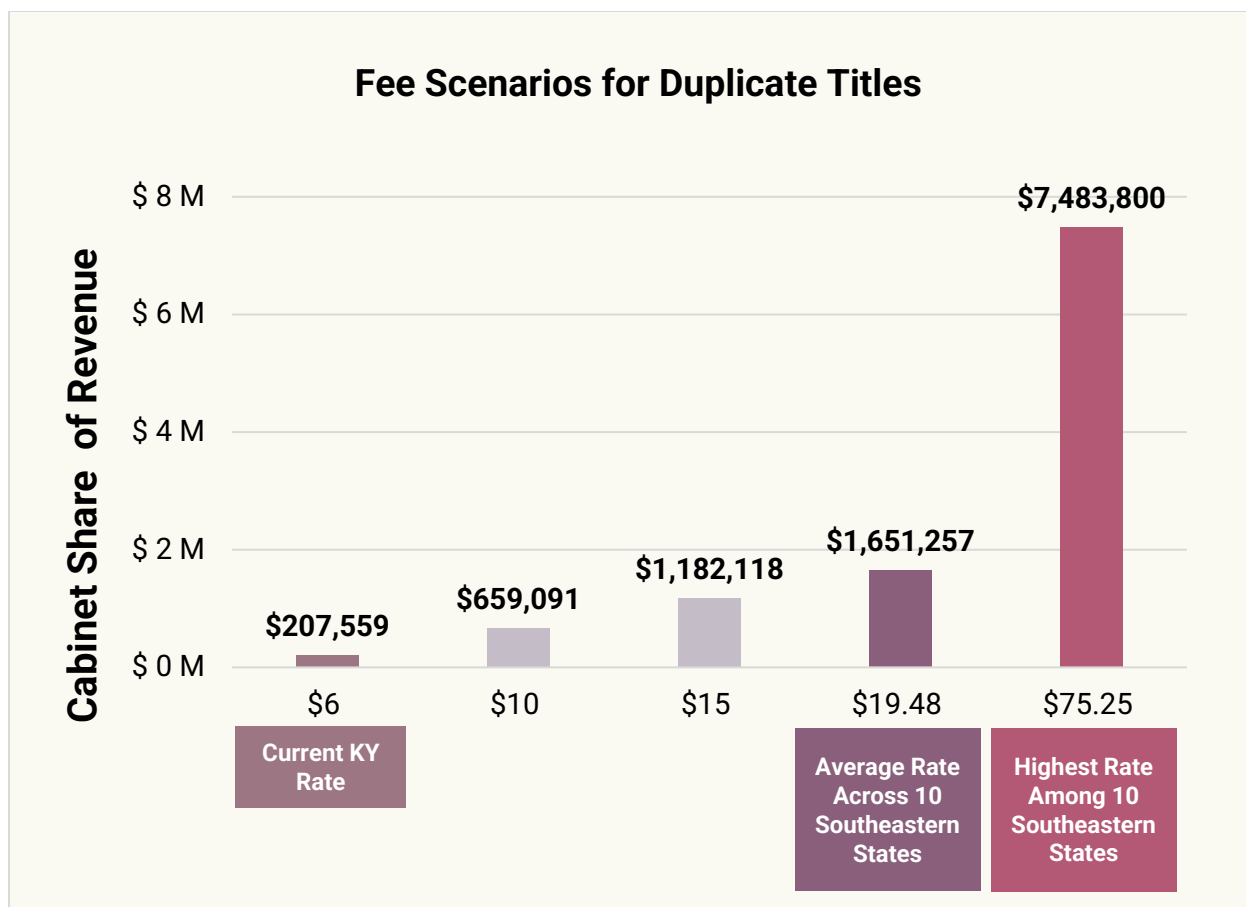


Figure 2.6 Replacement Vehicle Titles — Income Under Different Fee Scenarios

2.3.4 Additional Registration Fee

Kentucky collects an Additional Registration Fee of \$3 when a vehicle is registered. Per KRS 186.040, revenue from this fee is distributed as follows:

- \$1 goes into a fund used exclusively to finance technological improvements or replacements for KAVIS.
- \$1 goes into a fund used exclusively to finance technological improvements to the hardware and software in county clerk offices used to collect road fund taxes.
- \$1 goes into a trust fund whose balance is distributed to county clerk offices in counties with a population less than 20,000 as supplemental revenue (Issuance of certificate of registration -- Plates -- Clerk's fee -- Donations to child care assistance account -- Additional fees and distribution, 2025).

Unlike most other fees collected by DVR, fees stay in the division and are disbursed as necessary. No money goes into the Road Fund.

2.3.4.1 Comparison to Southeastern States

To the best of our knowledge, Florida is the only state in the Southeast that charges a similar fee. In addition to regular registration fees, an additional \$0.50 is added to every license registration to cover the costs of the Florida Real Time Vehicle Information System. The fee pays for system equipment, software, and personnel necessary to

conduct maintenance and programming, as well as additional networks and auxiliary equipment (Registration; duties of tax collectors; International Registration Plan., 2025).

2.3.4.2 Income for Fiscal Years 2020 — 2022 and 2024 — 2025

In FYs 2024 and 2025, this fee generated \$4.7 million in revenue. Figure 2.7 shows the apportionment of this revenue. Due to system upgrades and changes, FY 2023 data were not available.

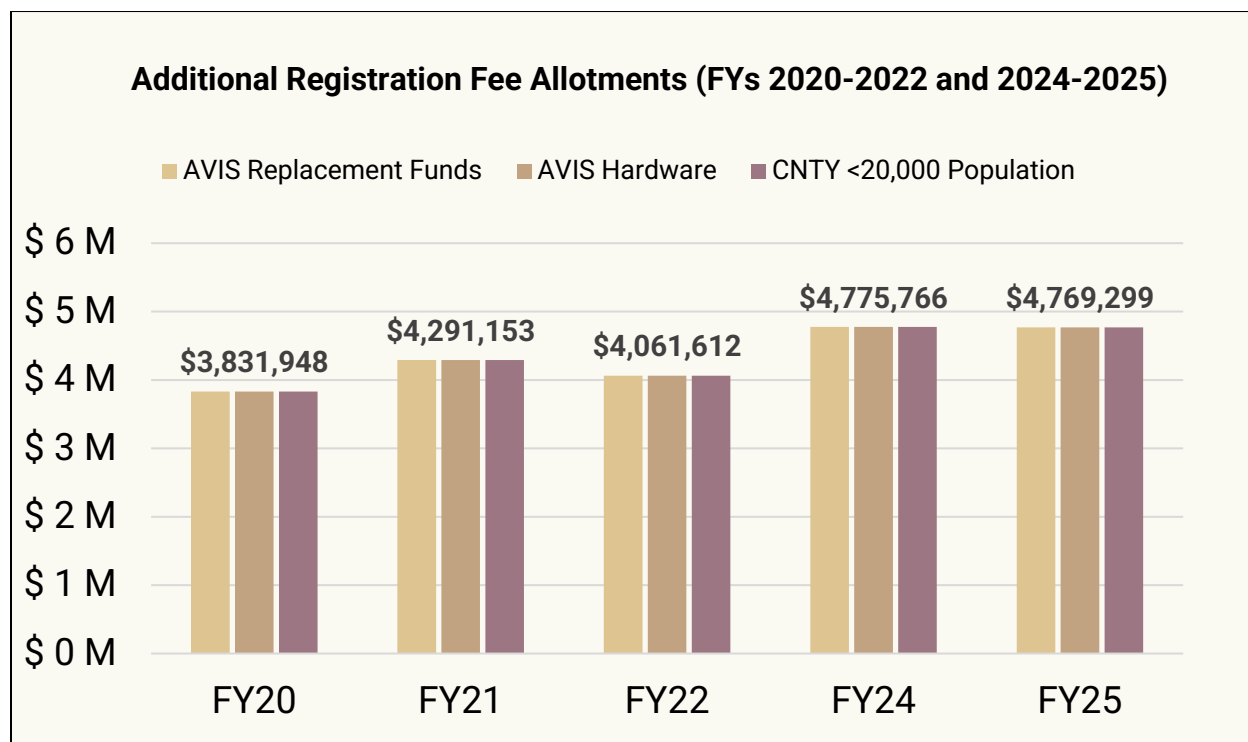


Figure 2.7 Additional Registration Fee Allotments (FYs 2020 – 2022 and 2024 – 2025)

2.3.5 Reflectorized License Plate Fee

Under KRS 186.240(2), KYTC is responsible for issuing reflectorized license plates for all motor vehicles and has the authority to collect a \$0.50 fee on each vehicle registration except for fleet vehicles (Cabinet to furnish forms and plates -- Records -- Receipts -- Reflectorized license plate program fund -- Use of receipts -- Accounting by clerk -- Audit. , 2024). Like the additional registration fee described in the previous section, money directed to this program depends on vehicle registration numbers.

2.3.5.1 Comparison to Southeastern States

Florida is the only other state in the region that adds a \$0.50 reflectorization fee to each vehicle registration. In addition to license plates, this fee covers validation stickers or decals (Registration certificates, license plates, and validation stickers generally., 2025).

2.3.5.2 Income for Fiscal Years 2020 — 2022 and 2024 — 2025

Between FY 2020 and 2025, income from the Reflectorized License Plate Program hovered around \$2 million. Figure 2.8 shows the income over the past several fiscal years.

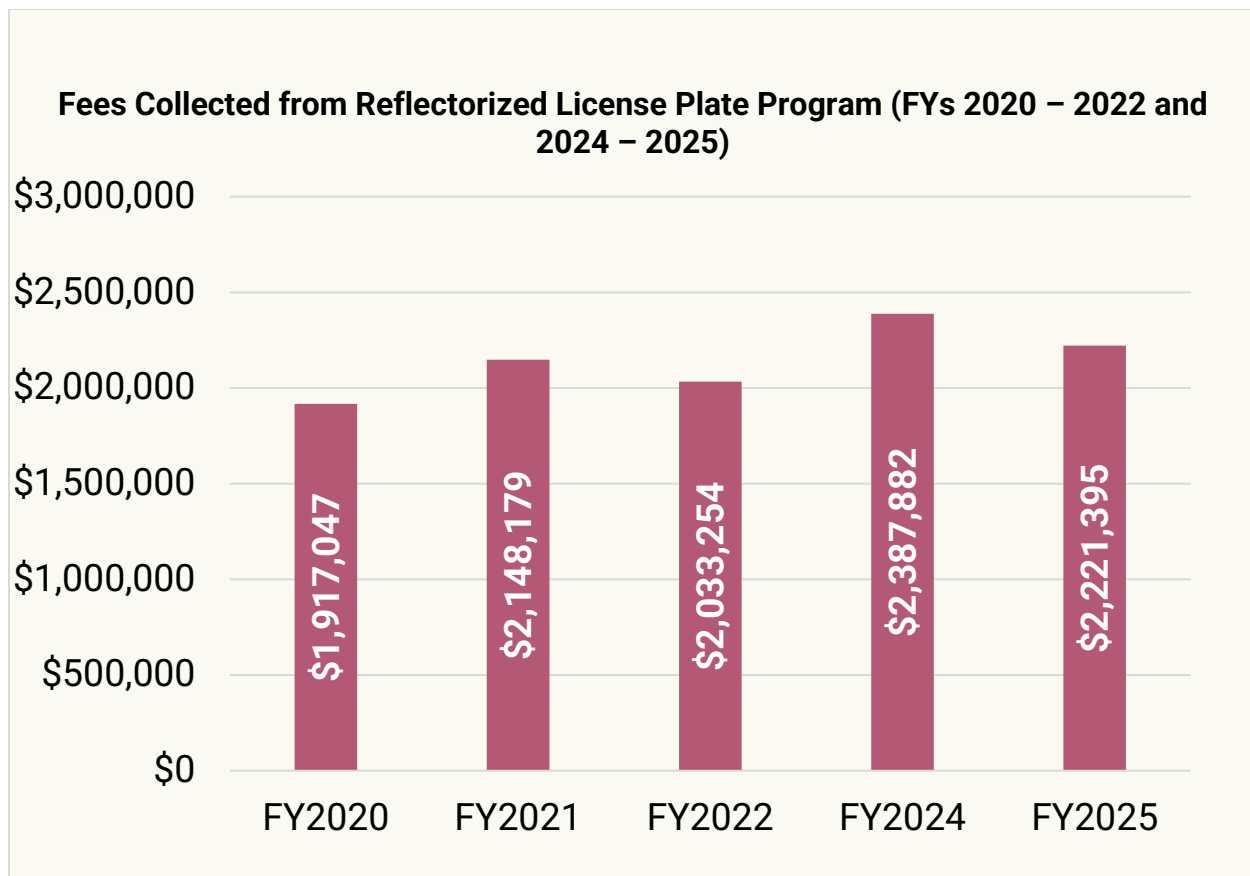


Figure 2.8 Fees Collected from Reflectorized License Plate Program (FYs 2020 – 2022 and 2024 – 2025)

2.3.6 Trailer Registration

KRS 186.675(1) and (4) establish trailer registration fees (Annual fees -- Permanent registration and fee, 2024). Smaller vehicles, including personal cars, pickup trucks, and passenger vans are subject to a \$4.50 fee for hauling a trailer. Larger vehicles, or those weighing more than 10,000 lb., are classified as commercial vehicles and are subject to a \$19.50 fee for hauling a trailer (Registration fees -- Voluntary donation for wildlife management and conservation activities and the agricultural program trust fund -- Collection of electric vehicle ownership fees, 2025). Trailers or semitrailers drawn by motor vehicles, which are required to be licensed under KRS 186.050(1) – (13), may be registered permanently for \$98 per year (Annual fees -- Permanent registration and fee, 2024).

2.3.6.1 Comparison to Southeastern States

Trailer registration practices vary among states:

- Tennessee does not require individuals to title or license utility trailers for private use as long as the vehicle pulling the trailer is licensed in Tennessee (Shelby County Tennessee, 2026).
- Virginia handles trailer registrations by weight, with one exception made for travel trailers that serve as living quarters. A trailer weighing up to 1,500 lb. is subject to an annual \$18 registration fee, and a trailer weighing more than 4,000 lb. is subject to an annual \$40 registration fee. Virginia also offers permanent trailer registrations. Trailers weighing up to 1,500 lb. cost \$70, those weighing up to 4,000 lb. cost \$75, and anything heavier costs \$100 (Virginia DMV, 2025).

- Georgia requires a \$12 registration fee for all trailers. Exceptions for farm vehicles have been carved out (Hall County Tax Commissioner).
- South Carolina does not require registration of trailers that weigh under 2,500 lb. unless they will be taken out of state. Trailers weighing over 2,500 lb. or traveling out of South Carolina have two registration options: permanent registration or biennial registration. Trailer plates for biennial registration cost \$10 and can be transferred to another trailer under the same ownership. Permanent registrations are \$75 and cannot be transferred to another trailer. Business owners with a semitrailer, pole, utility, or boat trailer can pay \$20 every two years and have the option to move the plate to another trailer under the same ownership. Property taxes on trailers must be paid prior to registration (South Carolina DMV, 2026).
- Mississippi's trailer registration fee equals 7% of the trailer's cost (Jackson County Mississippi, 2026).

2.3.6.2 Income for Fiscal Years 2020 — 2022 and 2024 — 2025

Figure 2.9 displays income from new trailer registrations and registration renewals. Renewal fees often account for more income than new trailer registrations. For example, in FY 2024 income from renewals peaked at just over \$2 million. New trailer registrations gradually rose between FYs 2020 and 2022 but fell dramatically from FY 2024 to 2025.

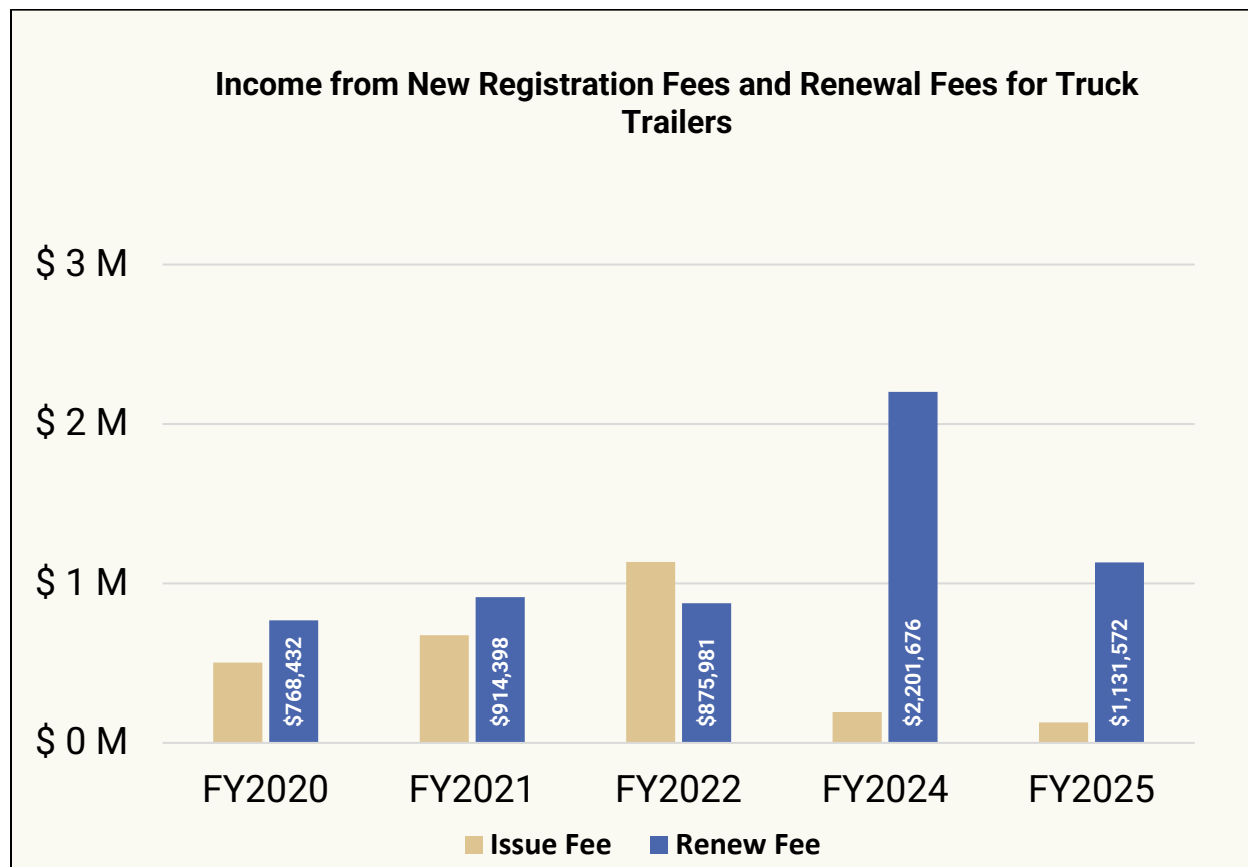


Figure 2.9 Fees Collected for Registering Truck Trailers and Renewing Registrations (FYs 2020 – 2022 and 2024 – 2025)

2.4 Motor Carriers Fees

2.4.1 KYU

Motor carriers operating vehicles with a combined licensed weight exceeding 59,999 lb. are subject to the Kentucky Weight-Distance Tax (KYU) (see KRS 138.655 – KRS 138.729 for KYU-related requirements). The KYU per-mile rate is \$0.0285 and carriers are required to file tax returns each quarter. Failure to pay KYU on time may result in license revocation, with reinstatement carrying a \$500 fee. Motor carriers that do not regularly operate in Kentucky, but which require short-term access may purchase a temporary 10-day permit for \$40. Three KYTC subunits — DMC, Office of Information Technology (OIT), and Division of Road Fund Audits — along with the Kentucky State Police Division of Commercial Vehicle Enforcement (KSP-CVE), are directly involved in KYU collection and compliance. KYU enforcement relies on complex, interdependent processes that entail robust interdepartmental and interagency coordination.

2.4.1.1 Comparison to Other States

Because Kentucky is one of a few states to levy a weight-distance tax, we compared KYU rates to rates in other states that charge weight-distance taxes (Connecticut, New Mexico, New York). Although Oregon also has a weight-distance tax as well, we excluded it from our comparison because its rates are much higher, largely because most heavy commercial vehicles in Oregon do not pay a fuel tax.

Kentucky is the only state that applies a flat per-mile rate. Connecticut, New Mexico, and New York use tiered rate structures tied to vehicle weight (Figure 2.10). For example, the per-mile rate for an 80,000-lb. vehicle is \$0.175 in Connecticut, \$0.0438 in New Mexico, and \$0.0546 in New York (cf. \$0.0285 in Kentucky). Because heavier vehicles exact more wear and tear on roadways, charging higher rates for heavier vehicles is more consistent with the user-pays principle than keeping a flat rate.

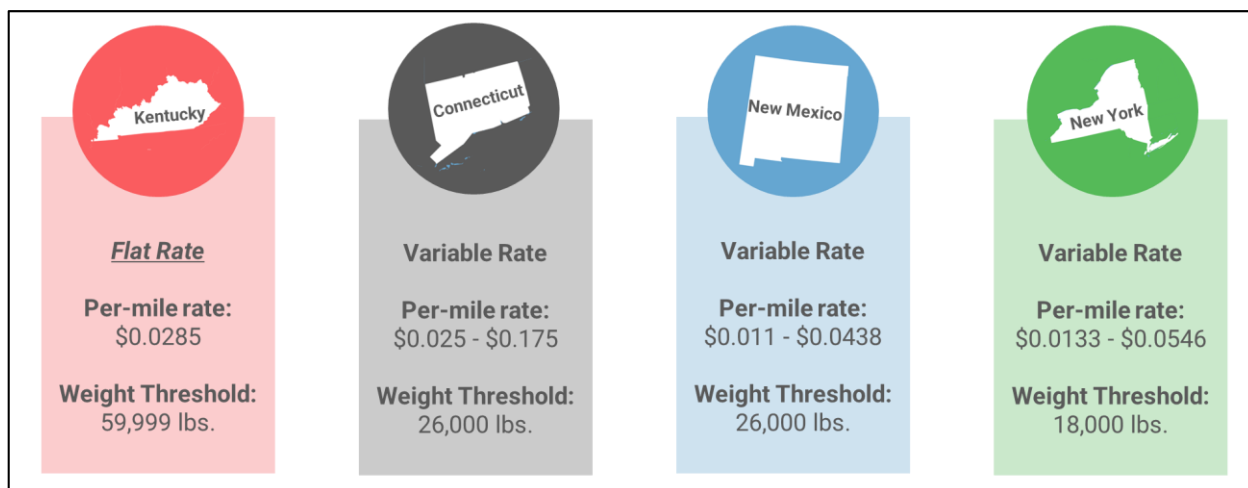


Figure 2.10 Rates Charged By States With Weight-Distance Taxes

2.4.1.2 Fiscal Year 2015 – 2024 Revenue

Figure 2.11 shows KYU revenue trends for FYs 2015 – 2024. In FY 2015, revenue was just under \$80 million. From FY 2016 onward, revenues were consistently in the \$80 million – \$90 million range, increasing 9.7% over the period. But this growth is modest relative to observed growth in Kentucky’s trucking industry.

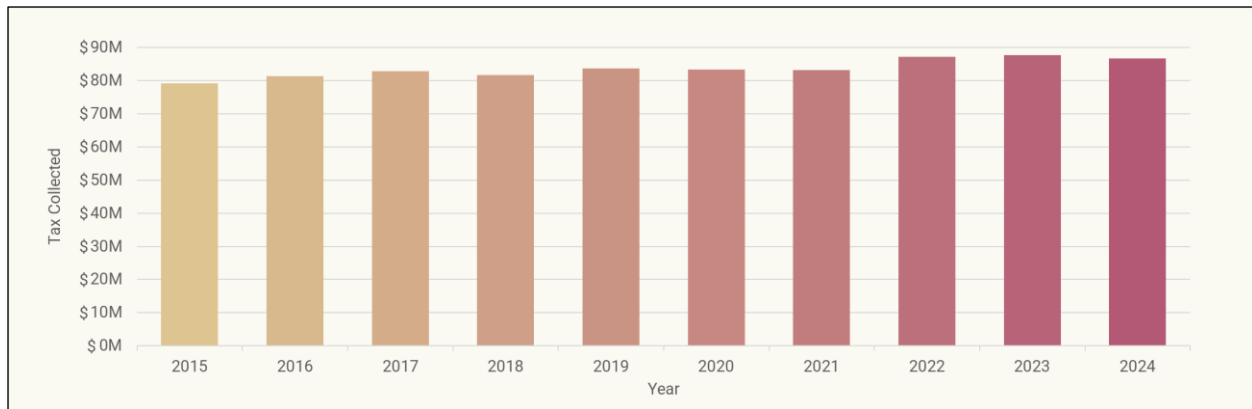


Figure 2.11 KYU Revenues (FYs 2015 – 2024)

To understand this disparity, we examined several indicators of trucking industry growth (Figure 2.12). Kentucky's truck transportation–related gross domestic product (GDP) increased from \$2.3 billion in FY 2015 to \$3.7 billion in FY 2023 (+63%). Commercial motor vehicle (CMV) registrations grew 18.6% between FYs 2016 and 2024, going from just over 100,000 vehicles to more than 120,000. Although this growth is smaller than the increase in trucking GDP, it substantially exceeds the 9.7% growth in KYU revenue during the same timeframe. The number of active motor carriers operating in Kentucky followed a similar trend, increasing 17.8% between FYs 2016 and 2024. Average daily traffic for combination trucks increased 24% between 2015 and 2024, significantly outpacing KYU revenue growth. Taken together, these indicators demonstrate that KYU revenue has not kept pace with the overall growth of Kentucky's trucking industry.

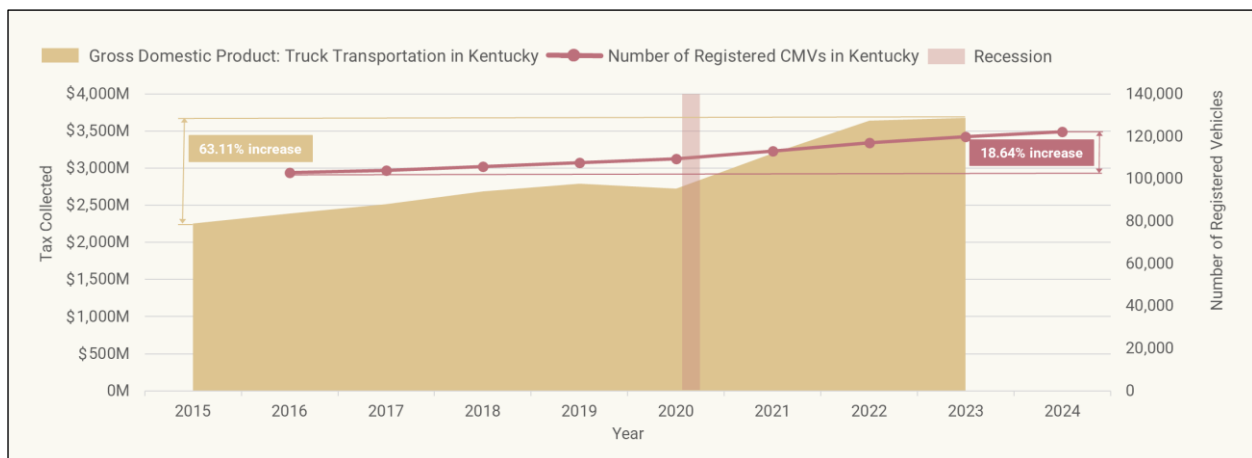


Figure 2.12 Trends in Truck Transportation GDP and Registered CMVs (FYs 2015 – 2024)

2.4.2 IFTA Registration and Decals

Jurisdictions that are party to the International Fuel Tax Agreement (IFTA) report fuel consumption for interstate/interjurisdictional commercial carriers. Under Kentucky law, a motor carrier involved in interstate commerce must apply for an IFTA license and renew it annually (Administration of taxes imposed in KRS 138.655 through 138.7291, 2019). Each carrier licensed under IFTA must display two decals: one on the driver-side door and one on the passenger-side door.

Kentucky has five full-time employees (classified as Administrative Specialists Senior or Vehicle Regulation Specialists) processing IFTA applications. Processing time for each application is roughly 15 minutes; another three minutes are needed to prepare decals for shipping. Kentucky must purchase decals from an approved vendor. Each IFTA application costs KYTC \$13.74 to process. Motor carriers do not have to pay fees for IFTA registration or decals.

2.4.2.1 Comparison to Southeastern States

Figure 2.13 shows amounts other states charge for IFTA decals. Five states levy charges (Alabama (\$17), Virginia (\$10), West Virginia (\$5), Florida (\$4), and Georgia (\$3)), while the remaining states do not.

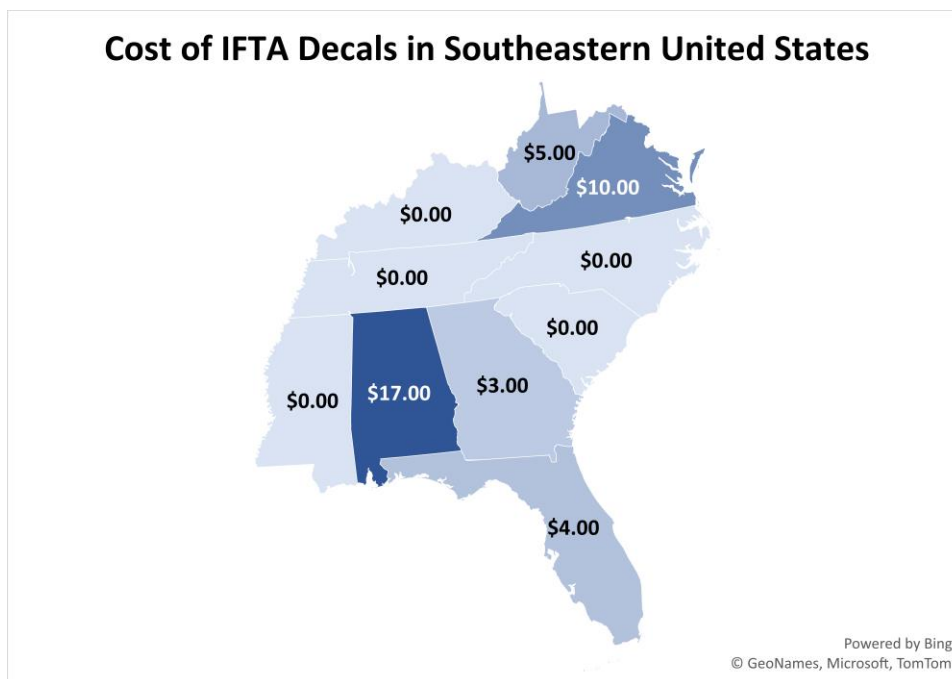


Figure 2.13 Cost of IFTA Decals in Southeastern United States

2.4.2.2 Fiscal Year 2025 Income

KYTC spent \$20,000 processing IFTA applications in FY 2025. Had the agency charged \$12.50 per application, KYTC would have generated income of \$354.32. At \$30, income would be nearly \$28,000. Figure 2.14 shows income generated under different fee scenarios.

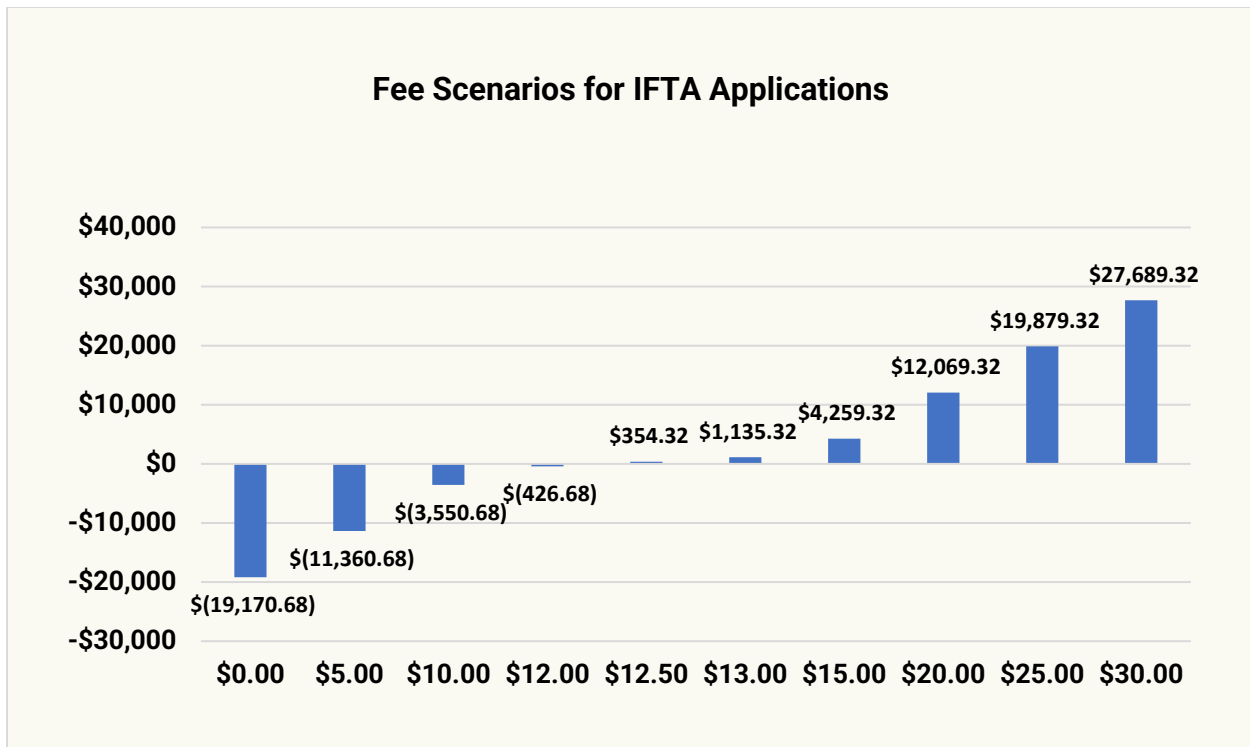


Figure 2.14 IFTA Applications — Income Under Different Fee Scenarios

2.4.3 KIT Registration and Decals

The Kentucky Intrastate Tax (KIT) is the fuel consumption tax administered by KYTC and applies to CMVs that operate exclusively in Kentucky. Interstate carriers registered with IFTA do not need to register for KIT. Kentucky requires that all KIT carriers display decals on their vehicles. Kentucky has five full-time employees (classified as either Administrative Specialists Senior or Vehicle Regulation Specialists) who process KIT applications. Processing each KIT application takes approximately 15 minutes; another three minutes are needed to prepare decals for shipping. Kentucky must purchase decals from an approved vendor. Each KIT application costs KYTC \$13.74 to process, but the state does not charge carriers for KIT registration or decals.

2.4.3.1 Comparison to Other States

A few states levy similar intrastate fuel taxes. The Indiana Motor Carrier Fuel Tax (MCFT) License carries an annual \$25 application fee, and vehicles must display decals (which have no cost) (Indiana Department of Revenue). Pennsylvania's Motor Carrier Road Tax (MCRT) program requires that any carrier operating exclusively in Pennsylvania purchase and display PA MCRT decals (Commonwealth of Pennsylvania). Decals cost \$12 and must be purchased each year.

2.4.3.2 Fiscal Year 2025 Income

In FY 2025 Kentucky spent \$6,500 processing KIT applications. To break even on costs, Kentucky would have needed to charge \$65 per application. Figure 2.15 shows income generated under different fee scenarios.

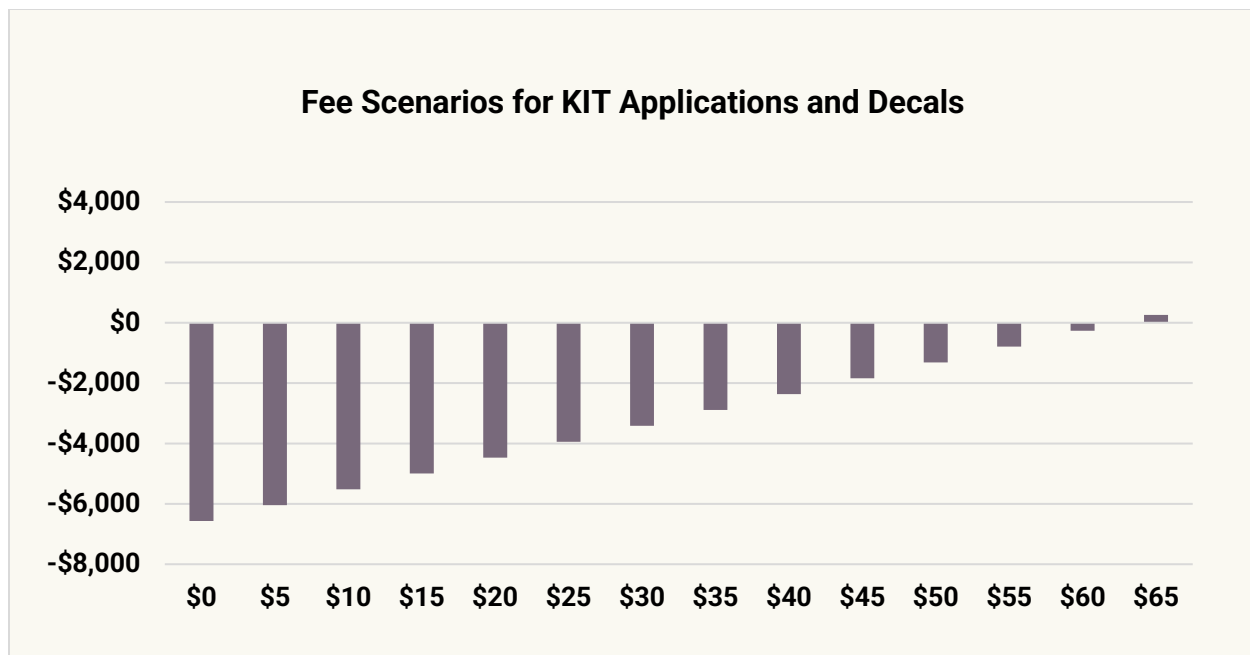


Figure 2.15 KIT Applications — Income Under Different Fee Scenarios

2.4.4 Kentucky Intrastate For-Hire

The Kentucky Intrastate For-Hire Certificate is required for any for-hire motor carrier that picks up and delivers cargo in Kentucky. The application fee is \$25 with an additional \$10 charge per vehicle. Carriers must upload a valid insurance policy for a certificate to be active. Applications are reviewed by staff classified as Administrative Specialists Senior and Vehicle Regulation Specialists. Processing each application takes about two minutes and costs KYTC \$1.53.

2.4.4.1 Comparison to Southeastern States

Alabama charges the highest application fee (\$100). Georgia and West Virginia do not charge application fees, but Georgia imposes a fee of \$25 per vehicle, while West Virginia charges \$5 per vehicle and \$5 in annual fees. Tennessee is the only other state in the region that charges an initial application fee, a per-vehicle fee, and annual fees (Table 2.5).

Table 2.5 Application, Vehicle, and Annual Fees for Intrastate For-Hire in Southeastern States

	AL	GA	MI	NC	VA	WV	TN	KY
Application	\$100	—	\$50	\$38	\$50	—	\$50	\$25
Cost Per Vehicle	\$6	\$25	\$10	—	—	\$5	\$8	\$10
Annual Fees	—	—	—	—	\$10	\$5	\$8	\$35

2.4.4.2 Calendar Year 2025 Income

In CY 2025, KYTC collected \$24,905 in application/renewal fees, and \$10,715 in vehicle fees (a total of \$35,620). After subtracting processing costs, the Cabinet generated \$34,099.43 in income.

Chapter 3 Recommendations and Justifications

This chapter presents recommendations for modifying DVR fees and taxes and provides justifications for proposed changes.

3.1 Motor Vehicle Licensing Fees

3.1.1 Vehicle Title History

3.1.1.1 Recommendations

- Amend KRS 61.874(3) to incorporate staff charges when setting fee charges.
- Amend KAR 2:020(6) to increase the cost of the vehicle title history to \$6.

3.1.1.2 Justification

State law distinguishes between *commercial* and *non-commercial* requests. Commercial requests must specify the reason for use (e.g., research, investigations, business purposes) and cost \$3. Non-commercial requests come from individuals requesting their personal records and cost \$0.10 per page plus mailing costs (Kentucky Transportation Cabinet). KRS 61.874(3) states reproduction costs can be used to determine non-commercial fees; KRS 61.874(4)(c) holds that staff charges can be included to determine the cost of commercial fees (Abstracts, memoranda, copies -- Agency may prescribe fee -- Use of nonexempt public records for commercial purposes -- Online access, 1994). However, DMVL administrators explained that all requests are currently treated as commercial requests and each requestor is charged \$3. When requesting payment in real time, it can be difficult for DMVL staff to correctly determine the correct per-page charge along with mailing costs. As such, DMVL is not complying with state law. Instead of requiring DMVL staff to engage in impractical and inefficient practices, KRS should be amended to reflect current practices.

3.1.2 Certificate of Title

3.1.2.1 Recommendation

- Amend KRS 186A.130(1) to increase the cost of a certificate of title to \$21. Increase the county clerk's share to \$7 and KYTC's share to \$14.

3.1.2.2 Justification

Kentucky has not raised the cost of certificates of title for personal motor vehicles since 2009 (Fee for title application, 2009). The cost of processing applications (labor, technology infrastructure, and system maintenance) has risen significantly due to inflation and the increasing complexity of titling operations, so the fee level established in 2009 no longer matches the cost of delivering this service. Which means shortfalls are absorbed by the General Fund rather than by users who benefit from the system.

Kentucky's fees are much lower than other states in the region. From a public finance perspective, fees are most equitable when the individuals using a service pay its cost. Vehicle owners benefit directly from a secure and accurate titling system that protects their ownership rights and facilitates commerce. Even a substantial increase in the title fee would represent a modest, one-time cost relative to the overall expense of a vehicle purchase. Increasing the fee would establish a sustainable user-funded titling system while supporting the operational needs of county clerks who administer transactions locally.

3.1.3 Duplicate Title

3.1.3.1 Recommendation

- Amend KRS 186A.130(2) to increase the cost of a duplicate title to \$21. Increase county clerk's share to \$7 and KYTC's share to \$14.

3.1.3.2 Justification

Justifications presented in Section 3.1.2.2 for raising title fees apply to duplicate title fees as well. Several states (West Virginia, Virginia, South Carolina) charge identical prices for duplicate titles and certificates of title.

3.1.4 Additional Registration Fee

3.1.4.1 Recommendation

- Amend KRS 186.040(6)(b) to increase total cost to \$6, or \$2 allotment per fund.

3.1.4.2 Justification

Kentucky's vehicle registration system serves hundreds of thousands of residents annually, yet the supplemental fee that funds its underlying infrastructure has remained unchanged since its inception. The three funds supported by KRS 186.040(6)(b) each address distinct and pressing needs, but a \$1.00 allotment per fund no longer provides adequate support in the current fiscal environment. Costs for software licensing, cybersecurity, and system integrations have grown substantially. What once was adequate seed funding for these purposes now falls well short of operational demands.

Increasing the total fee to \$6.00, with \$2.00 apportioned to each fund, is a straightforward adjustment that preserves the existing distribution structure while doubling its practical impact. Unlike broad tax increases or general appropriations, this fee is narrowly targeted and collected only at the time of vehicle registration. It is then directed exclusively to the systems and offices that enable registration.

3.1.5 Reflectorized License Plate Fee

3.1.5.1 Recommendation

- Amend KRS 186.240(2) to increase the fee from \$0.50 to \$1.00.

3.1.5.2 Justification

This fee has remained unchanged since the reflectorized plate program was established in 1993. Reflectorized license plates serve an important public safety function by enhancing vehicle visibility for other drivers and law enforcement, particularly in low-light and night-time conditions. The program's continued effectiveness depends on adequate and sustainable funding. Doubling the fee from \$0.50 to \$1.00 is a reasonable adjustment that reflects cost increases the program has absorbed over the past 30 years. Updating this fee ensures the reflectorized plate program remains self-sustaining.

3.1.6 Trailer Registrations

3.1.6.1 Recommendations

- Amend KRS 186.650 to add definitions for *pole trailer* and *utility trailer*.
- Amend KRS 186.675(1) to change the fee structure so it is based on trailer type rather than the vehicle pulling a trailer. Set fees at \$4.50 for utility trailers and \$19.50 for truck trailers.
- Develop a new trailer plate for utility trailers (KRS 186.685).

3.1.6.2 Justification

Kentucky's current trailer registration framework bases fees on the type of vehicle pulling the trailer, not the trailer itself. This results in administrative inconsistency as the same trailer may be registered at different fee levels depending on the type of vehicle towing it.

If clear statutory definitions for pole trailer and utility trailer are not added to KRS 186.650, determinations about classification will continue to vary between jurisdictions because discretion is left to county clerks. Codifying definitions provides a uniform foundation upon which a revised fee structure and new plate designation can be built.

Restructuring the fee schedule under KRS 186.675(1) so it is based on trailer type — \$4.50 for utility trailers and \$19.50 for trailers pulled by a semi-truck — creates a more logical and equitable system that reflects use cases for each trailer class and their impacts on roadways. A personal utility trailer that hauls lawn equipment or recreational gear bears little resemblance in size, weight, or commercial purpose to a large trailer pulled by a semi-truck. Tying registration fees to the trailer removes ambiguity from the registration process and simplifies how county clerks make determinations at the time of registration.

Establishing a dedicated license plate for utility trailers under KRS 186.685 will reinforce the revised classification framework with a corresponding visual distinction. A utility-specific plate helps law enforcement to quickly and accurately identify trailer class during traffic stops and roadside inspections, supports more consistent enforcement of registration requirements, and enables more accurate tracking of utility trailer registrations.

Together, these amendments create a cohesive, modernized trailer registration system that is easier to administer, more equitable for registrants, and more useful for enforcement purposes.

3.2 Motor Carrier Fees

3.2.1 KYU

3.2.1.1 Recommendations

- Amend KRS 138.660 to increase KYU to \$0.0587 per mile.
- or
- Amend KRS 138.660 to index the KYU per-mile rate to construction costs.

3.2.1.2 Justification

We present two options for adjusting KYU per-mile rates: (1) a one-time rate adjustment to account for inflation since the last increase, and (2) index the per-mile rate to a national highway construction cost index, allowing for annual adjustments.

The KYU per-mile rate has not changed since 1996. In real terms, motor carriers effectively pay half the cost they paid nearly 30 years ago. Adjusting the rate for inflation would result in a new rate of approximately \$0.0587 per mile. This option will generate a substantial one-time increase in revenue.

The second option of indexing the per-mile rate to a national highway construction cost index is similar to Kentucky's approach for EV registration fees. For example, the EV fee increased from \$120 in 2024 to \$126 in 2025 through indexing. Annual increases are capped at 5%. Incorporating a similar mechanism into KYU would better align revenue with the ongoing costs of maintaining a safe and reliable roadway system.

Under the 5 percent growth scenario, indexed KYU revenue is projected to intersect with the revenue generated by a one-time inflation adjustment in 2038.

Option 1 will increase revenue by a significant amount immediately, while Option 2 provides gradual but more consistent growth over time.

3.2.2 IFTA Registration and Decals

3.2.2.1 Recommendation

- Amend 601 KAR 1:200§3(5) to add a fee of \$15 for a set of IFTA decals.

3.2.2.2 Justification

Kentucky does not charge for IFTA decals, even though processing applications requires dedicated staff time and administrative resources. 601 KAR 1:200 requires that KYTC issue two decals per qualified motor vehicle to each holder of a fuel tax license and mandates that decals be renewed annually (Administration of taxes imposed in KRS 138.655 through 138.7291, 2019). The state entirely absorbs the cost of administering IFTA without any corresponding cost recovery mechanisms.

Charging a \$15 fee for each set of IFTA decals will create an income stream to support program administration. This fee is low relative to the overall operating expenses of a commercial trucking operation but would generate enough revenue to support DMC's continued administration of IFTA. This approach is also consistent with the user-pays principle so that the program is sustained by the businesses that rely on it rather than the general public.

3.2.3 KIT Registration and Decals

3.2.3.1 Recommendation

- Amend 601 KAR 1:200§3(5) to add a fee of \$15 for a set of KIT decals.

3.2.3.2 Justification

Justifications presented in Section 3.2.2.2 for establishing \$15 fee for IFTA decals apply to KIT decals as well.

3.2.4 Kentucky Intrastate For-Hire

3.2.4.1 Recommendations

- Amend KRS 281.630(3)(b) to increase the certificate fee from \$25 to \$50.
- Amend KRS 281.630(4)(d) to increase renewal fee from \$25 to \$50.
- Amend KRS 281.631(3)(a) to increase the vehicle fee from \$10 to \$20.

3.2.4.2 Justification

For-hire carriers generate revenue from moving goods and passengers on Kentucky's public roadways. Certificate and vehicle fees paid by carriers represent the cost of obtaining the state's authorization to operate in this capacity. Increasing certificate application and renewal fees to \$50 and the per-vehicle fee to \$20 reflects the value of that operating authority and the supporting regulatory infrastructure.

Chapter 4 State Survey

4.1 Survey Development

To document how other jurisdictions handle changes in vehicle regulation fees and taxes, in consultation with the SAC we developed a 12-question survey. Questions included in the survey are listed below.

1. Does your jurisdiction have a formal process for reviewing or updating motor carrier or vehicle licensing fees?
2. If yes, how often are fees reviewed?
3. Who initiates or oversees the review of fees?
4. If no formal process exists, how are changes to fees typically made?
5. Does your agency track the administrative cost of managing or collecting fees?
6. If yes, what factors are included in calculating administrative costs?
7. In your opinion, do any current fees cost more to administer than the revenue they generate?
8. When was the last time your agency proposed or implemented a fee change?
9. What is the most common reason for proposing a fee change?
10. What challenges does your agency face when updating or changing fees?
11. Has your agency compared its fees with other states?
12. What insights or lessons did you gain from comparisons to improve your jurisdiction's fee review or adjustment process?

4.2 Survey Distribution

A KYTC administrator distributed the survey on behalf of KTC via AAMVA, whose membership includes all 50 US states, the District of Columbia, five U.S. territories, and 13 Canadian jurisdictions.

4.3 Survey Analysis

4.3.1 Survey Participation

Respondents from 21 jurisdictions participated in the survey, including four Canadian jurisdictions. Survey analysis only looked at responses from US jurisdictions; incomplete responses were recorded as well. One response was excluded because of a fundamental misunderstanding of the survey's purpose, resulting in unusable data. Sixteen responses were included in analysis. Because we did not obtain jurisdictional consent to use identifiable information, specific responses are not attributed to individual states, beyond noting their participation (Figure 4.1).

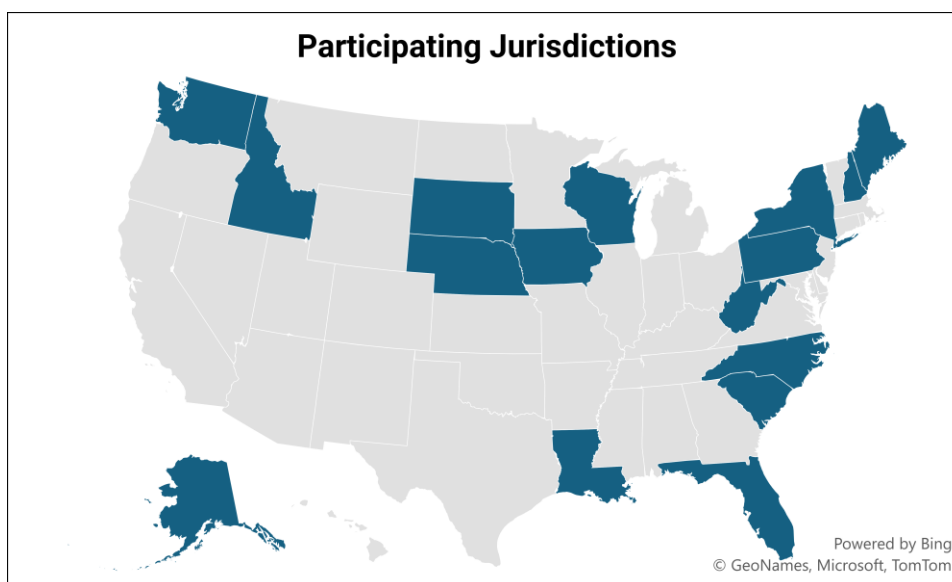


Figure 4.1 Participating Jurisdictions

4.3.2 Data Summary

This section reviews survey responses. In each subheading, we indicate how many participants answered the question (e.g., $n = 16$).

4.3.2.1 Question #1 ($n = 16$)

Fifty-six percent of responsive jurisdictions do not have formal processes for reviewing or updating motor carrier or motor vehicle licensing fees, while 44% do.

4.3.2.2 Question #2 ($n = 7$)

Among jurisdictions that have formal processes for reviewing or updating motor carrier or motor vehicle licensing fees, two conduct annual reviews, one does so only when necessary, and four perform reviews every 2 – 5 years.

4.3.2.3 Question #3 ($n = 6$)

Respondents could select multiple answers for this question. In 45% of jurisdictions, the legislature initiates or oversees fee reviews; agency leadership has responsibility in 33% of jurisdictions; and division or departmental staff have responsibility in 22% of jurisdictions.

4.3.2.4 Question #4 ($n = 6$)

All jurisdictions reported that while there is no formal process for regular fee reviews, fee changes are made by the legislature.

4.3.2.5 Question #5 ($n = 16$)

Four agencies track the administration costs of managing or collecting fees, 10 do not, and one respondent indicated they were not sure.

4.3.2.6 Question #6 ($n = 4$)

Only respondents answering the previous question Yes were asked Question 6. Figure 4.2 indicates which factors are considered when calculating administrative costs.

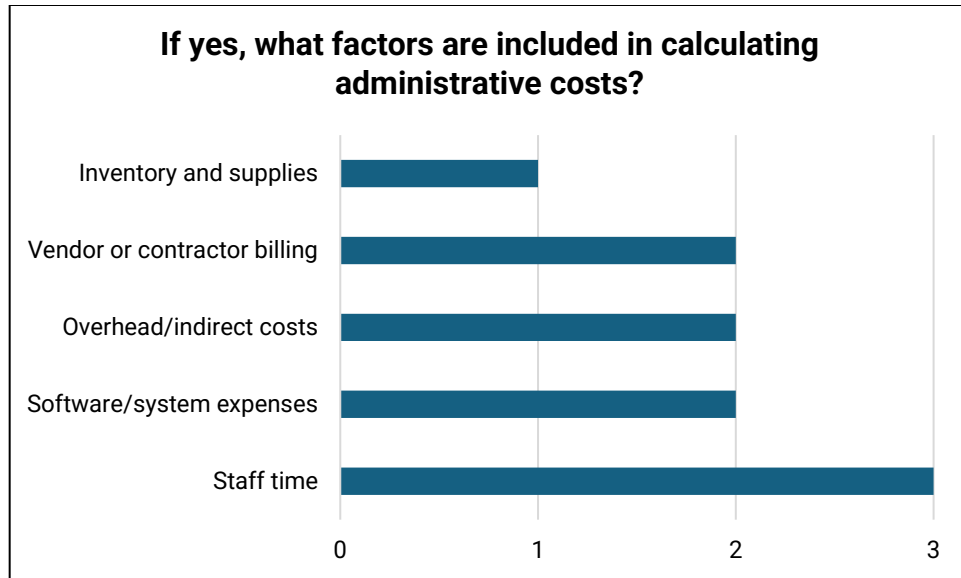


Figure 4.2 Factors Included in Calculating Administrative Fees

4.3.2.7 Question #7 (n = 16)

Six respondents said the cost of administering fees exceeds the revenue they generate; 10 respondents said this was not the case.

4.3.2.8 Question #8 (n = 16)

Six respondents said their agency had proposed or implemented a fee change in the past year, while four replied this has never occurred or has not occurred in more than 10 years (Figure 4.3).

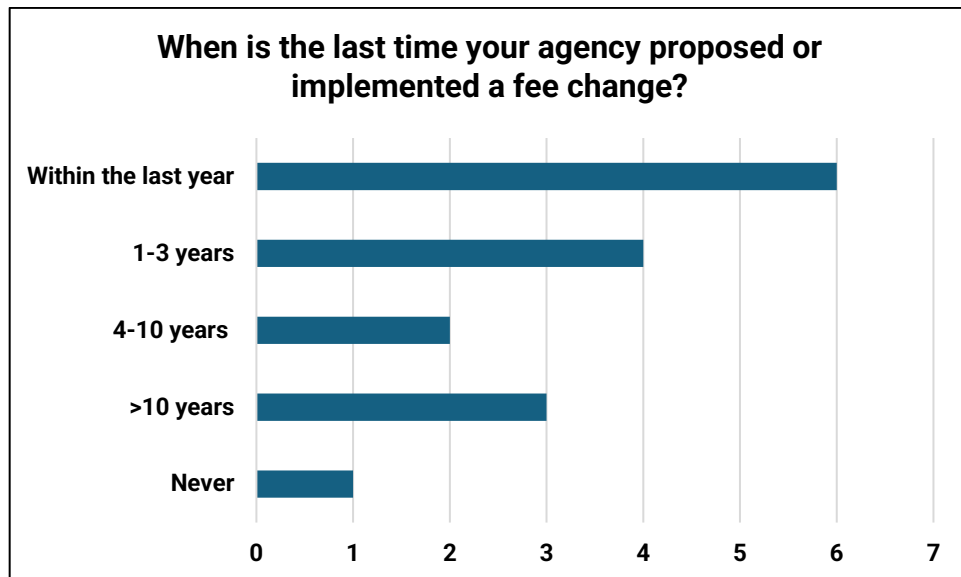


Figure 4.3 Time Since Last Proposed or Implemented Fee Change

4.3.2.9 Question #9 (n = 16)

Respondents could select multiple answers for this question. The most common reason for proposing a fee change was a legislative mandate (45%; Figure 4.4).

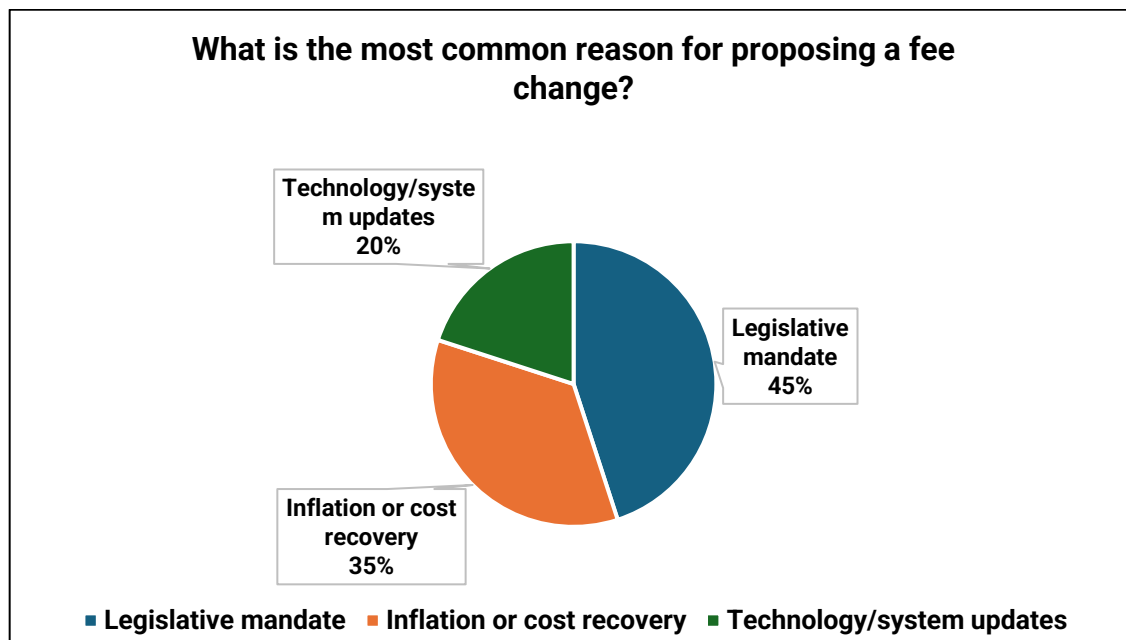


Figure 4.4 Most Common Reasons for Proposing a Fee Change

4.3.2.10 Question #10 (n = 14)

Respondents cited several challenges their agencies face when updating or changing fees, including legislative processes, antiquated technologies, public resistance, and the time and costs involved.

4.3.2.11 Question #11 (n = 16)

Ten respondents said their agencies had compared their fees to other states, while six said theirs had not.

4.3.2.12 Question #12 (n = 7)

This question was only open to respondents who answered *Yes* to Question 11. Insights and lessons that have been gained from comparing fees across jurisdictions are presented below.

- Our fees for CDL original and renewal issuance are slightly above the national average.
- We are still reviewing.
- We have some newer leadership in our finance department, who started to investigate comparisons so we expect more insights in the future.
- This first quadrennial update will help set the process for the next.
- Comparing fees helps us gauge reasonableness of proposed increases.
- We ranked at or toward the bottom of 13 southeastern states in most fees. Our comparison accounted for population size of states and cost of living. The fee increase we proposed for customer records moved our price from third lowest in the southeast to the average of all 13 states.
- Fees in surrounding states are similar.

4.3.3 Discussion

The survey revealed a few concerning trends.

1. *Most states have no formal process for updating vehicle regulation fees.*

The lack of a formal process creates unpredictability for agencies and the public. Businesses and individuals that rely on consistent fee structures for planning and budgeting face uncertainty over when or how much fees might change. When updates occur, they tend to be larger and more disruptive than they would have been if fees were adjusted routinely, simply because so much time has passed since the last revision. When fees are not reviewed and adjusted on a regular, structured basis, they do not keep pace with inflation. This leaves agencies underfunded and unable to cover costs of the services fees are meant to fund.

2. *Most states do not track the administrative cost of administering fees.*

Failing to track the administrative costs of collecting and managing fees prevents states from determining if fees are accomplishing their intended purpose. Fees are meant to offset the cost of providing services. Without data on what it costs to administer a service, agencies cannot know whether a fee is set at the right level, too low, or higher than the cost of the service. Decision makers need concrete numbers to justify changes, and the absence of that information weakens their ability to articulate evidence-based rationales.

3. *Most states require fee changes to be made through legislation, but respondents saw the legislative process as a hurdle to raising fees.*

When fees can only be modified through legislation, but the legislative process is regarded as a significant barrier to change, states are left in a position where they cannot govern effectively. Fees oftentimes remain frozen not because they are sufficient to fund the services provided, but because the political and procedural hurdles of legislating make updating fees nearly impossible.

We identified one positive trend from the survey:

1. *Most states have compared their fees to those charged by other states.*

Comparing fees with other states is a valuable for ensuring that a fee structure is reasonable, competitive, and based on real-world context. Having information on fees charged by other states is useful when agencies need to justify fees to legislators, stakeholders, or the public. Interstate comparisons can also help states determine if their fees are too high or too low compared to other jurisdictions.

Most states require legislative approval before modifying fees. Nonetheless, states should regularly document and track the cost of administering fees. The Government Finance Officers Association (GFOA) created framework state governments can adopt to standardize their approaches to fee adjustments (Government Finance Officers Association, 2026):

1. Develop an inventory of fees.
2. Document corresponding laws or regulations.
3. Define the purpose and strategy of each fee.
4. Define how often the government will review and update fees.

Putting these steps into practice is not always easy. Because many states manage a large and complex array of fees, building a comprehensive inventory is a significant undertaking. Statutory and regulatory documentation may be incomplete, outdated, or distributed across multiple sources, which complicates efforts to establish a

clear legal foundation for each fee. In some cases, a fee's original purpose may be poorly defined or obsolete, necessitating a broader policy review. Establishing a regular review schedule is also challenging. Without dedicated staff, resources, and cooperation, routine fee reviews are often shelved when competing priorities arise. Successfully implementing GFOA's framework requires a level of organizational capacity, political will, and inter-agency coordination many states lack.

Chapter 5 Conclusions

5.1 Limitations

Our study had a few limitations:

- We only looked in detail at DMVL and DMC fees and taxes. Although we generated valuable insights about them, including DDL fees and taxes would have made for a more comprehensive and robust analysis.
- We could not access all the data we requested. Some data were missing due to system transitions and updates. Other data sets were partially complete (e.g., temporary employment data), and we made decisions to develop estimates based on what was available.
- We relied on AAMVA to distribute our state survey via a third-party platform, which limited our ability to format, present, and distribute the survey. We also confronted challenges during analysis that can be traced to the platform used.
- The survey response rate was 30.4%. We expected a much higher response rate given that the survey was distributed to all AAMVA member jurisdictions.

5.2 Current Legislation

On January 14, 2026, House Bill 370 was introduced in the House to the Committee on Committees by Representatives Tom Smith and Richard White. The bill addresses several vehicle regulation fees and includes amendments that would increase the price of new vehicle titles from \$9 to \$25 and duplicate titles from \$6 to \$10. On January 22, 2026, the bill was sent to the House Transportation Committee, where it remains (Kentucky Legislative Research Commission, 2026).

5.3 Key Takeaways

KYTC will benefit from adopting a framework to review and update fees and taxes on a regular basis. With a few exceptions, Kentucky legislators determine what DVR fees are included in bills brought before the General Assembly. However, having a living document that catalogues all DVR fees and taxes will give the department's legislative liaisons access to the most updated information.

DVR should document administrative costs associated with collecting all fees and taxes in each division. This study included only 10 DMC and DMVL fees. DVR administers nearly 100 fees and taxes, and division leaders would benefit from knowing what internal resources are required for collection.

KYTC should make a concerted effort to include DVR administrators in legislative processes involving changes to fees and taxes. While KYTC division leaders bear considerable responsibility for the programs and services that fees and taxes support, historically they have had little visibility of legislative processes that establishes fees.

References

Abstracts, memoranda, copies -- Agency may prescribe fee -- Use of nonexempt public records for commercial purposes -- Online access. (1994). KRS 61.874.

Administration of taxes imposed in KRS 138.655 through 138.7291. (2019). 601 KAR 1:200.

Annual fees -- Permanent registration and fee. (2024). KRS 186.675.

Boyle County, Kentucky. (2026, January 13). *First Time or Out-of-State Title & Registration*. Retrieved from Boyle County, Kentucky: <https://www.boylecountyky.gov/176/First-Time-or-Out-of-State-Title-Registr>

Cabinet to furnish forms and plates -- Records -- Receipts -- Reflectorized license plate program fund -- Use of receipts -- Accounting by clerk -- Audit. . (2024). KRS 186.240(2)(3).

Commonwealth of Pennsylvania. (n.d.). *Motor Carrier Road Tax*. Retrieved from <https://www.pa.gov/agencies/revenue/resources/tax-types-and-information/motor-and-alternative-fuel-taxes/motor-carriers-road-tax/motor-carrier-road-tax-decals>

Fee for title application. (2009). KRS 186A.130§1.

Government Finance Officers Association. (2026). *Best Practice: User Fee Policy*. Retrieved from <https://www.gfoa.org/bp-user-fee-policy>

Hall County Tax Commissioner. (n.d.). *Trailers*. Retrieved from Hall County Tax Commissioner: <https://hallcountytax.org/vehicles/trailers/>

Indiana Department of Revenue. (n.d.). *Fuel Tax*. Retrieved from <https://www.in.gov/dor/motor-carrier-services/fuel-tax/#MCFT>

Issuance of certificate of registration -- Plates -- Clerk's fee -- Donations to child care assistance account -- Additional fees and distribution. (2025). KRS 186.040§b.

Jackson County Mississippi. (2026). *Vehicle Registration*. Retrieved from <https://www.co.jackson.ms.us/379/Vehicle-Registration>

Kentucky Legislative Research Commission. (2026). *HB 370*. Retrieved from Kentucky General Assembly: <https://apps.legislature.ky.gov/record/26rs/hb370.html>

Kentucky Transportation Cabinet. (2026, February 2). *Ownership Fee for Kentucky EV and Hybrid Vehicle Owners*. Retrieved from drive.ky.gov: <https://drive.ky.gov/Pages/EV-HV-Fee.aspx>

Kentucky Transportation Cabinet. (2026, January 24). *Title History Requests*. Retrieved from <https://drive.ky.gov/Vehicles/Pages/Title-History-Requests.aspx>

Kentucky Transportation Cabinet. (n.d.).

REQUEST FOR MOTOR VEHICLE OR BOAT RECORD THAT INCLUDES PERSONAL INFORMATION, TC96-16A.

Martin, A., Walton, J., Spellman, M., McCormack, S., & Bell, M. (2011). *Assessment of the Kentucky Department of Vehicle Regulation Tax and Fee Structure*. Kentucky Transportation Center.

Registration certificates, license plates, and validation stickers generally. (2025). Fla. Sta. 320.06(3)(b).

Registration fees -- Voluntary donation for wildlife management and conservation activities and the agricultural program trust fund -- Collection of electric vehicle ownership fees. (2025). KRS 186.050.

Registration; duties of tax collectors; International Registration Plan. (2025). Fla. Stat. § 320.03(5).

Shelby County Tennessee. (2026, January 25). Retrieved from <https://www.shelbycountyttn.gov/585/Trailers>

South Carolina DMV. (2026). *Camper, Trailer, or RV*. Retrieved from [https://dmv.sc.gov/vehicle-owners/types-of-vehicles/camper-trailer-rv#:~:text=The%20Trailer%20plate%20is%20\\$20,of%20sale%20or%20previous%20title](https://dmv.sc.gov/vehicle-owners/types-of-vehicles/camper-trailer-rv#:~:text=The%20Trailer%20plate%20is%20$20,of%20sale%20or%20previous%20title).
The Corradino Group. (2024). Statewide Interstate and Parkway Plan (SWIPP): Final Report.

Virginia DMV. (2025). *DMV Fees*. Retrieved from www.dmv.virginia.gov/sites/default/files/forms/dmv201.pdf