F I S C A L   I M P A C T   R E P O R T

ORIGINAL DATE 01/28/13
SPONSOR Sharer **LAST UPDATED** **HB**

SHORT TITLE Driver's License Validity Periods **SB** 95

ANALYST Boerner

Estimated Revenue Impact*					**Recurring or Nonrecurring**	**Fund Affected**
FY13	**FY14**	**FY15**	**FY16**	**FY17**		
$0.0	($3,575.0)	($3,575.0)	($3,575.0)	($3,575.0)	Recurring	Various MVD Funds

* In thousands of dollars. Parentheses ( ) indicate a revenue loss.

Note: See chart below (Estimated Revenue Impact – Detailed Discussion) for approximate distribution of revenues. Though difficult to measure with precision, the biggest impact would be to the Road Fund.

SOURCES OF INFORMATION
LFC Files

Responses Received From
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

This bill amends sections of the Motor Vehicle Code to provide that all driver's licenses, commercial driver's licenses and identification cards will expire thirty days after the applicant's twenty-first, fortieth, sixty-fifth and seventy-fifth birthdays. A license issued to an applicant who is seventy-five or older will be valid for no more than two years, and will be issued at no cost. Additionally, the bill removes the option of getting an eight-year driver's license, commercial driver's license or ID card.

SIGNIFICANT ISSUES

The extended expiration dates required by this bill are in direct conflict with REAL ID rules and Federal Motor Carrier Safety Administration (FMCSA) regulations:

- REAL ID regulations require a license or identification card be issued for no more than an 8-year time period.

- Federal Motor Carrier Safety Administration (FMCSA) regulations require that commercial drivers' licenses cannot be issued for a period longer than 8 years.

FISCAL IMPLICATIONS

The TRD reports that the bill as written removes the higher cost for 8-year licenses and IDs but does not replace them with what should be a still higher fee for the bill's extended (up to 25-year for cards issued at age 40) expiration periods.

Estimated Revenue Impact – Detailed Discussion
The immediate revenue impact would reflect the bill's deletion of the current higher 8-year fee for DLs and IDs, leaving all of the new, longer expiration period cards priced the same as current 4-year DLs and IDs. The difference between 8-year and 4-year card fees would thus be an immediate reduction in revenue. The calculation below is rough, based on partial information and estimates.

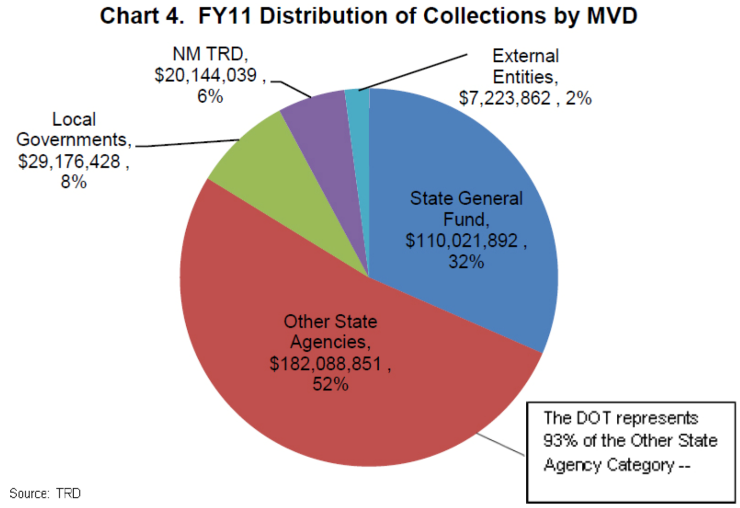
Immediate revenue impact of elimination of higher fees for 8-year DLs and IDs.

Assumptions: Relatively few IDs issued, most to under-21, with lower impact analysis based on DLs only at a total of 500,000 DLs per year
current percentage of 8-Year DLs is estimated to be 55.00%
(based on a January 2013 survey of field office personnel)

Current fees for 4-year and 8-year DLs:		8-year	4-year	Difference
	license fee	$20.00	$10.00	
	admin fee	$2.00	$2.00	
	EDL fee	$6.00	$3.00	
	driver safety fee	$6.00	$6.00	
	total	**$34.00**	**$21.00**	**$13.00**
Total DLs issued				500,000
percentage of DLs that would have been 8-year				55.00%
number of DLs that would have been charged 8-year fees				275,000
multiplied times the 8-year 4-year fee difference = annual impact				**$3,575,000**

There would be no revenue impact associated with the projected reduced number of DL and ID applications, during the first four years, assuming the expiration period is not extended for current active license but only for new and renewal licenses. The effect of the new later expiration dates would only be felt as cards issued after the effective date of this bill would no longer have to be renewed four years or eight years later.

Distribution of specific MVD fee revenues is determined by a complex statutory formulaic system established in § 66-6-23 (Disposition of Fees) and § 66-6-23.1 (Formulaic Distribution).



PERFORMANCE IMPLICATIONS

The TRD notes that this bill is incompatible with the deadlines within the Real ID Act, and would conflict with federal regulations governing commercial drivers' licenses.

However, if the state chooses not to comply with REAL ID or issues a noncompliant license and ID alternative to a REAL ID license, and if these provisions were applied only to non-commercial licenses, the result could be of real benefit to the public and serve to reduce wait times at MVD field offices.

ADMINISTRATIVE IMPLICATIONS

The TRD notes that implementation of this bill will have a moderate impact for the Information Technology Division. Listed are the affected programs and time estimates:

- MVD 2.0 – 240 hours
- Point of Sale – 60 hours
- MVD Mainframe Batch Programs – 80 hours
- MVD Mainframe (MVRO) Financial Programs – 40 hours
- Testing – 60 hours

Total Hours – 480 hours

The department states that due to current workloads, upcoming MVD Reengineering Project and staffing, ITD/MVD cannot meet the June 14, 2013 deadline.

CEB/svb/bm