

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 310** HLS 14RS 922

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

REVISED

| | |
|---|--------------------------------|
| Date: March 24, 2014 8:03 AM | Author: SMITH, PATRICIA |
| Dept./Agy.: Revenue | Analyst: Deborah Vivien |
| Subject: Repeals the ability to deny driver's license for tax debtor | |

TAX/INCOME TAX

OR DECREASE GF RV See Note

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Repeals authorization to suspend or deny the renewal of a driver's license for failure to pay individual income taxes

Current law allows the suspension and denial of renewal of a driver's license for those with at least \$1,000 in delinquent finalized state income tax liability as determined by the Department of Revenue. The driver's license suspension or denial remains in place until payment or arrangements to pay are made. The Department of Public Safety/Office of Motor Vehicles is prohibited from issuing an economic hardship license to those falling under such a suspension or denial.

Proposed law repeals the ability of the Department of Revenue to suspend or deny a driver's license to those with delinquent finalized state income tax debt. Provisions related to the prohibition of the issuance of economic hardship driver's licenses for those under state debt suspension or denial as well as related rules provisions are also repealed.

| EXPENDITURES | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | DECREASE | DECREASE | DECREASE | DECREASE | DECREASE | |
| Agy. Self-Gen. | (\$250,000) | (\$250,000) | (\$250,000) | (\$250,000) | (\$250,000) | (\$1,250,000) |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Since driver's license suspension or denial appears to have been an effective tool for collecting outstanding income tax debt since 2004, it is expected that general fund revenue will decrease by a significant amount. The Revenue Department reports that 12,100 suspensions were requested in FY 13 and \$11.8 M in individual income tax debt was collected in association with license reinstatements. To the extent that these taxes were collected in part because the driver's license of the debtor was suspended or denied, state general fund revenue will likely decrease as a result of this bill. However, there are other collection tools, such as refund garnishment and even legal remedies, that are also responsible for these collections and will still be available to employ. Some material collections loss is likely, but it is not likely that all of these collections are due solely to license suspension or denial.

The bill is also expected to result in a reduction in self-generated revenue as reinstatement fees will no longer be collected. The Department of Public Safety/Office of Motor Vehicles determined that a 3 year average of 4,470 reinstatements were issued at a fee of \$60 or \$268,200. The estimated annual impact could be roughly \$250,000 with fluctuations expected under actual experience.

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|--|----------------------------|--|---|
| Senate | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input checked="" type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} | |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

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