

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 582** SLS 14RS 1557

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 23, 2014 9:31 AM	<b>Author:</b> CLAITOR
<b>Dept./Agy.:</b> Public Safety	<b>Analyst:</b> Matthew LaBruyere
<b>Subject:</b> Drivers' Licenses	

MOTOR VEHICLES EG -\$20,688,000 RV See Note Page 1 of 2  
Provides for driver's license renewal every six years. (8/1/14)

Present law provides that a Class "D" and "E" driver's license expires on the anniversary of the birthday of the applicant which is nearest to a period of four years subsequent to the issuing of the license.  
Proposed law changes the 4 year period to a 6 year period.

Present law provides that a Class "A", "B", and "C" commercial driver's license shall expire on the anniversary of the birthday of the applicant which is nearest to a date of four years subsequent to the issuing of the license.  
Proposed law changes the 4 year period to a 6 year period.

Proposed law changes the motorcycle endorsement from the 4 year period to a 6 year period.

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

  

<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	(\$8,438,000)	<b>(\$8,438,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	(\$5,268,000)	<b>(\$5,268,000)</b>
Ded./Other	\$0	\$0	\$0	\$0	(\$6,982,000)	<b>(\$6,982,000)</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$20,688,000)</b>	<b>(\$20,688,000)</b>

**EXPENDITURE EXPLANATION**

The Department of Public Safety indicates the proposed law may require approximately 320 hours of overtime for the Information Services Section at an average cost of \$32 per hour (\$32 x 320 = \$10,240) plus associated Medicare expenses (\$10,240 x 1.45% = \$148), or a total of \$10,388 in personal services. The legislation will require modifications to the Driver's License Issuance system and transaction and batch processes, as well as modifications to issue a driver's license for 6 years and prevent a renewal for not less than 6 years. Additional IT workload associated with this legislation is incremental in nature and will be accomplished utilizing existing resources and budget authority. To the extent that numerous pieces of legislation are enacted that require additional programming efforts, the Department may require additional resources.

The card stock on which driver's licenses are printed may also need to be updated since the current life of the cards ranges from 5 to 7 years. However, any cost in purchasing new cards is unknown at this time.

**REVENUE EXPLANATION**

The proposed legislation would result in a decrease in state general fund, statutory dedicated, and self-generated revenues as a result of increasing the driver's license renewal period from 4 years to 6 years. On average 957,712 licenses are renewed annually during the 4 year renewal cycle. The basic license fee for a 6 year license will remain at the current amount for a 4 year license. By increasing the cycle to 6 years, there will be a 2 year gap in which driver's licenses are not renewed. To the extent 6 year renewals begin in FY 15, the decrease in revenue will occur in FY 19 and FY 20 at an amount of \$20,688,000 annually. The chart on the next page details the renewal cycles.

The amount paid for a driver's license include a basic license fee and a handling fee, generating \$7.7 million per year. The handling fee is \$8 with \$5.50 classified as Office of Motor Vehicles SGR and \$2.50 is deposited into the OMV Customer Service and Technology Fund. The basic license fee varies by type of license from \$51 for a Commercial Driver's License for residents of the city of New Orleans to \$8 for a motorcycle endorsement. The basic license fee is deposited into multiple funds depending on licensee location.

The license renewal charge generates \$13.03 annually. Of the \$13.03 M, \$8.4 M is allocated to the state general fund. Of the balance, \$4.6 M is allocated to the following funds: State Police Pension and Retirement Fund (\$3.5 M), Conservation Fund (\$0.89 M), Motorcycle Safety, Awareness, and Operator Training Program Fund (\$0.22 M), and **(CONTINUED ON PAGE 2)**

- |   |  |                                |  |
|---|--|--------------------------------|--|
| <input type="checkbox"/> Senate   | <input type="checkbox"/> Dual Referral Rules | <input type="checkbox"/> 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 type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}                  |
| <input 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} |

**Gregory V. Albrecht**  
**Chief Economist**

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**CONTINUED EXPLANATION from page one:**  
**REVENUE EXPLANATION CONTINUED FROM PAGE ONE:**

the Police Pension Fund of the City of New Orleans (\$0.019 M).

The chart below details a 12 year cycle of driver's license renewals. For illustrative purposes, a person who currently renews their Class E driver's license for \$21.50 in FY 15 would renew again in FY 19 and FY 23, thus spending a total of \$64.50 (\$21.50 fee x 3 renewals). Under the proposed law, that person with a Class E license would renew in FY 15 and renew again in FY 21, spending a total of \$43.00 (\$21.50 fee x 2 renewals).

Current	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Renewals	957,712	957,712	957,712	957,712	957,712	957,712	957,712	957,712	957,712	957,712	957,712	957,712	
Collected	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$156 M
OMV Fee	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$92 M
<b>Total</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$248 M</b>

Proposed	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Renewals	957,712	957,712	957,712	957,712	0	0	957,712	957,712	957,712	957,712	0	0	
Collected	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$0.0 M	\$0.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$13.0 M	\$0.0 M	\$0.0 M	\$104 M
OMV Fee	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$0.0 M	\$0.0 M	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M	\$0.0 M	\$0.0 M	\$62 M
<b>Total</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$0.0 M</b>	<b>\$0.0 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$20.7 M</b>	<b>\$0.0 M</b>	<b>\$0.0 M</b>	<b>\$166 M</b>

Senate      Dual Referral Rules      House       6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}       6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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