

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1252** HLS 14RS 2316

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 12, 2014	6:52 PM	Author: FOIL
Dept./Agy.: Public Safety		Analyst: Matthew LaBruyere
Subject: Drivers' Licenses		

MTR VEHICLE/DRIVER LIC RE +\$4,200,000 GF RV See Note
Provides that drivers' licenses be renewed every six years

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 time 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. Proposed law increases the fees of all licenses to reflect a 6 year period. Proposed law increases the handling fee for Class "D" and "E" licenses and the fee that local governing authorities can levy for OMV offices not fully funded by the state.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$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>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	(\$8,400,000)	\$8,400,000
Agy. Self-Gen.	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	(\$5,000,000)	\$5,000,000
Ded./Other	\$3,400,000	\$3,400,000	\$3,400,000	\$3,400,000	(\$6,800,000)	\$6,800,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$1,100,000</u>	<u>\$1,100,000</u>	<u>\$1,100,000</u>	<u>\$1,100,000</u>	<u>(\$2,200,000)</u>	\$2,200,000
Annual Total	\$11,200,000	\$11,200,000	\$11,200,000	\$11,200,000	(\$22,400,000)	\$22,400,000

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

By increasing the cycle to 6 years, there will be a 2 year gap in which driver's licenses are not renewed. By increasing the driver's license fees, the proposed legislation will result in the same amount of revenue collections in a 12 year period. The driver's license fee will remain at the same annualized amount. For illustrative purposes, a Class E driver's license renewal of \$21.50 for 4 years equates to \$5.375 per year. Under the proposed legislation, a Class E driver's license renewal of \$32.25 for 6 years equates to the same \$5.375 per year.

The proposed legislation increases the basic driver's license fee and handling fee to account for the decrease in revenues for the 2 year renewal gap. The handling fee will increase from \$8.00 to \$12.00. Currently, 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 will increase to \$76.50 for a Commercial Driver's License for residents of the city of New Orleans to \$12 for a motorcycle endorsement. The basic license fee is deposited into multiple funds depending on licensee location. 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 for \$32.25 in FY 15 and renew again in FY 21, spending the same \$64.50 (\$32.25 fee x 2 renewals). **(CONTINUED ON PAGE 2)**

- | | | | |
|--|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <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 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} |

Gregory V. Albrecht
Chief Economist



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: HB 1252 HLS 14RS 2316
Bill Text Version: REENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Table with metadata: Date: May 12, 2014 6:52 PM; Author: FOIL; Dept./Agy.: Public Safety; Subject: Drivers' Licenses; Analyst: Matthew LaBruyere

CONTINUED EXPLANATION from page one:

REVENUE EXPLANATION CONTINUED FROM PAGE ONE:

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. Under the proposed legislation the handling fee will increase to \$12.00 for Class D and E licenses with \$8.25 classified as Office of Motor Vehicles SGR and \$3.75 is deposited into the OMV Customer Service and Technology Fund.

The current license renewal charge generates \$13.03 M 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 (\$3.4 M), Conservation Fund (\$0.89 M), Motorcycle Safety, Awareness, and Operator Training Program Fund (\$0.22 M), and the Police Pension Fund of the City of New Orleans (\$0.04 M).

The proposed license renewal charge generates \$19.5 annually (except gap years). Of the \$19.5 M, \$12.6 M is allocated to the state general fund. Of the balance, \$6.9 M is allocated to the following funds: State Police Pension and Retirement Fund (\$5.2 M), Conservation Fund (\$1.3 M), Motorcycle Safety, Awareness, and Operator Training Program Fund (\$0.32 M), and the Police Pension Fund of the City of New Orleans (\$0.06 M).

The proposed legislation increases the amount local government subdivisions can charge for each transaction in motor vehicle offices that are not fully funded by the state. Currently, the fee cannot exceed \$3 (\$4 in Orleans Parish). The proposed legislation increases the fee to not exceed \$4.50 (\$6 in Orleans Parish). The current fee generates approximately \$2.2 M annually statewide. To the extent the transactions remain constant, the fee would generate approximately \$3.3 M, an increase of \$1.1 M (\$3.3 M proposed - \$2.2 M current) annually. However, the local governmental subdivisions would not collect this amount in FY 19 and FY 20, just as OMV would not collect driver's license renewals in those years.

- Senate Dual Referral Rules House
[] 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
[] 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
[] 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}
[x] 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}

Signature of Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist