

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 241** HLS 18RS 141

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 12, 2018 6:46 AM	Author: STEFANSKI
Dept./Agy.: Dept. of Public Safety/Office of Motor Vehicles	Analyst: Ryan Guidry
Subject: Expiration of Class D and E Drivers' Licenses at Age 21	

LICENSING RE INCREASE SG RV See Note Page 1 of 2
Provides for the expiration of Class "D" and "E" drivers' licenses on a person's twenty-first birthday

Present law provides that Class D and E driver's licenses expire on the anniversary of the birthday of the applicant which is nearest to a period of six years subsequent to the issuing of the license, unless suspended, revoked, or canceled prior to that time.

Proposed law mandates that any Class "D" or "E" driver's license that is issued to a person who turns twenty-one years of age on or after August 1, 2018, shall expire upon that person's 21st birthday, unless suspended, revoked, or canceled prior to that time.

Proposed law requires the Dept. of Public Safety and Corrections, office of motor vehicles, to prorate the cost of a new Class "D" or "E" driver's license from the date of issuance to the person's 21st birthday. Proposed law further provides that the provisions of proposed law will take effect and become operative if and when the department obtains the necessary technology to pro-rate the new Class "D" or "E" driver's license or the passage of five years from the effective date of this Act, whichever occurs first.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

EXPENDITURE EXPLANATION

The Department of Public Safety (DPS), Office of Motor Vehicles (OMV) reports expenditures will increase by an indeterminable, one-time amount for programming changes by OTS to incorporate the new expiration date into the existing system. The Legislative Fiscal Office believes that the department can potentially accomplish these tasks utilizing existing resources and budget authority as similar changes are enacted annually by legislative instrument and paid from base funding. To the extent that numerous pieces of legislation are enacted that require additional programming efforts, DPS may require additional resources.

Proposed law requires OMV to pro-rate the cost of a new license from the date of issuance to the person's 21st birthday, effective when OMV obtains the necessary technology or after the passage of 5 years. OMV does not currently have the necessary technology to pro-rate licenses. However, OMV, in conjunction with the Office of Technology Services (OTS), began the OMV Re-engineering Project in FY 18 to build a new system to replace the current OMV legacy system, which would allow class "D" and "E" driver's license costs to be pro-rated. The project is scheduled to be completed over several years for a total cost of \$8 M - \$10 M SGR. The projected FY 19 cost of \$1.6 M is not included in the executive budget, and DPS reports that this will delay the completion of the OMV Re-engineering Project.

REVENUE EXPLANATION

Proposed law will significantly increase SGR revenue for the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) by an indeterminable amount. Present law provides that any class "D" or "E" driver's license issued to a person remains in force for a period of six years regardless of the applicants age. Proposed law would cause any class "D" or "E" driver's license issued to a person under twenty-one years of age after the effective date of the law to expire on that person's 21st birthday. An applicant must be at least seventeen years of age to obtain a class "D" or "E" driver's license, with the exception class "E" learners license issued at age fifteen and an intermediate class "E" licensed issued at age sixteen. For the population age sixteen to twenty issued a class "D" or "E" license after the effective date of proposed law, each licensee would renew such license and pay the associated fees sooner than the six year expiration set in present law. To the extent that persons under the age of twenty-one will renew their class "D" or "E" licenses sooner than the current six-year expiration, additional fees will accrue to OMV per the existing fee schedule.

OMV reports the current number of licensees under twenty-one by age group as follows: 15 years of age - 11,146; 16 years of age - 25,261; 17 years of age - 34,349; 18 years of age - 41,993; 19 years of age - 45,699; 20 years of age - 46,546. Assuming that the current data is reflective of prospective licensees, approximately 45,000 drivers at age twenty will have a driver's license expire on their 21st birthday annually. Proposed law would prospectively generate a maximum of approximately \$1,451,250 (45,000 X \$32.25 fee) each fiscal year once the existing license holders age out of the under twenty-one age brackets. Prospective new or first-time licensees will incur a renewal fee on their 21st birthday, but will not incur one on the existing schedule under present law so revenues will decrease in future fiscal years accordingly. **REVENUE EXPLANATION CONTINUED ON PAGE 2**

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

REVENUE EXPLANATION CONTINUED FROM PAGE 1

Because the number of driver's licenses that will be issued within each age bracket is unknown, the net impact of requiring a person to renew on their 21st birthday instead of six years from issuance is indeterminable.

For illustrative purposes, a person seventeen years of age issued a class "D" or "E" driver's license in FY 19 under present law would have an expiration date that would fall in FY 25, outside the range of this fiscal note. Under proposed law, the same individual issued a driver's license in FY 19 would have an expiration date in FY 23. To the extent proposed law will accelerate the expiration date for individuals acquiring a license under twenty-one years of age, revenues will increase in FYs 19-23.

Proposed law requires OMV to pro-rate the cost of a new license from the date of issuance to the person's 21st birthday, effective when OMV obtains the necessary technology or after the passage of 5 years. OMV indicates the technology required to pro-rate the license fee will not be available until the completion of the OMV Reengineering project, which is scheduled to be completed over several fiscal years. Therefore any reduction to the fees collected by OMV as a result of the pro-rated license fee would likely occur outside of the five year scope of this fiscal note.

Furthermore, a driver's license issued to a person under twenty-one years of age is printed in a vertical format. OMV reports that approximately 5,000 individuals obtain a duplicate license after their twenty-first birthday to have the license printed in a horizontal format at a fee of \$16. To the extent that proposed law may eliminate the desire of an individual to obtain a duplicate license, any increase in revenue may be offset by up to \$80,000 per year (5,000 applicants X \$16 fee).

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(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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