

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1020** HLS 14RS 72
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 29, 2014 9:13 AM	Author: HARRISON
Dept./Agy.: Public Safety	Analyst: Matthew LaBruyere
Subject: Removal of License Plate	

MTR VEHICLE/DRIVER LIC OR INCREASE SG EX See Note Page 1 of 2
 Authorizes removal of license plates on motor vehicles driven by persons with suspended or revoked driver's licenses

Proposed law provides that if a law enforcement officer stops a vehicle and it is determined that the driver's license of the operator is revoked or suspended then the officer must remove the license plate and issue a temporary sticker valid for 10 days, issue a notice of suspension or revocation of driving privileges, attach a copy of the notice of suspension or revocation to the license plate and deliver it to the local office of motor vehicles. Proposed law provides that secretary of the department shall revoke the registration of the vehicle and the owner of the vehicle has 10 days to comply with the regulations regarding reinstatement. Proposed law provides that after 10 days, a reinstatement fee of \$10 shall be applied in addition to other fees and fines owed. Proposed law provides that if the the owner/operator was properly licensed at the time, the license plate shall be returned within 48 hours.

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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

The proposed legislation would result in an indeterminable increase in self-generated expenditures as a result of removing license plates on vehicles driven by persons with suspend or revoked driver's licenses. In FY 13, there were approximately 307,000 persons with suspended or revoked licenses. Based on this interpretation of the legislation and the estimation that 10% of those drivers would be issued a violation, 30,700 violations would be issued annually.

To the extent 30,700 violations are issued annually, the Office of Motor Vehicles (OMV) may need additional positions to handle the potential increase in workload. However, the LFO cannot determine how many positions would be needed and to what extent the workload may increase. The average salary and related benefits for a compliance analyst would be \$55,761. In addition, operating expenses for each analyst would be \$775, which includes supplies, telephone, and maintenance costs. Since OMV has reduced its workforce over the previous fiscal years, it is likely that office equipment such as desks, chairs, computers, and printers would be available for use.

Since the potential exists for 30,700 violations to issued, it is possible an additional 4 to 5 analysts may be needed using the OMV workload interpretation mentioned below. OMV indicated 16 analysts would be needed to process 100,000 violations. The LFO has interpreted the legislation to potentially issue 1/3 the amount. The cost of 5 additional analysts would be \$278,805 (\$55,761 average salary and benefits x 5 analysts).

The cost for the Office of State Police to provide violation stickers and tickets will be approximately \$3,377 (\$0.11 per violation sticker and ticket x 30,700 violations issued). This is based on State Police issuing approximately 30,000 stickers and tickets annually. The cost per sticker is \$0.07 and the cost per ticket is \$0.04, for a total cost of \$0.11 per violation.

OMV Interpretation

Based on the interpretation of the legislation by OMV, suspended or revoked motor vehicles would also be included with suspended and revoked driver's licenses. Under this interpretation, the number of records would increase by approximately 600,000 and there would now be approximately 900,000

(CONTINUED ON PAGE 2)

REVENUE EXPLANATION

The proposed legislative may result in an increase in self-generated revenue as a result of charging a \$10 reinstatement fee for removing a license plate due to a revoked or suspended driver's license. Annually, there are approximately 307,000 driver's licenses that are suspended or revoked. For illustrative purposes, if 10% of these drivers are issued a violation, the department would generate \$307,000 (307,000 suspended or revoked drivers x 10% violation issuance x \$10) in reinstatement fees. The revenue generated by fee collections would be used to offset expenditures for OMV.

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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 checked="" 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} |

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Staff Director

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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE:

(300,000 driver's licenses + 600,000 motor vehicles) drivers with a suspended or revoked driver's license or motor vehicle. To the extent the estimated number of violations issued remains at 10%, 90,000 violations would be issued annually.

The potential of 90,000 issued violations would increase the workload of OMV. OMV has indicated that if 100,000 violations are issued annually, 16 compliance analyst would be needed. The total personnel costs for 16 analysts would be \$892,176 (55,761 average salary and benefits x 16 analysts). OMV determined that 16 positions would be needed based on the potential workload increasing the workforce by 3% (536 positions x 3% workforce increase). The 3% increase was determined based on the 3 million driver's in the state with approximately 1 million suspended and revoked records and 10% of the drivers receiving violations (1,000,000 suspended/revoked drivers / 3,000,000 total drivers / 10% violations issued). In addition, operating expenses would be \$12,400 which would include supplies, telephone, and maintenance costs. The total annual cost to hire 16 analysts to handle the violations would be \$904,576 (\$892,176 personnel costs + \$12,400 operating expenses). Since it is unknown how many violations would be issued and how the workload would increase for OMV, the number of personnel that is expected to needed may be higher or lower.

The proposed law will require coding changes to the following DPS systems: Driver's Reinstatement and Suspension System to add new conviction and violation codes, Motor Vehicle Registration Database to add a new flag and modify transactions to disallow plate renewal, and Official Notice generation programs to add new violation codes. In addition, a plate management system will need to be developed to track plate confiscation days. DPS estimates these changes will require 260 hours of overtime for an IT Programmer Analyst III, 80 hours for IT Programmer Analyst II, 40 hours for an IT Management Consultant II, and 20 hours for an IT Programmer Manager II. At \$32 per hour, the overtime expense is estimated at \$12,986 (400 hours x \$32 = \$12,800 for salaries; \$12,800 X 1.45% = \$186 for Medicare costs). The Legislative Fiscal Office believes that any additional IT work associated with this legislation will be incremental in nature, and that the Department can potentially accomplish these tasks 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.

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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