

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 791 Finance Com. Sub. Adopted 5/20/99

SHORT TITLE: Ten Year Drivers License

SPONSOR(S): Senator Hoyle

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
REVENUES		\$5,892,102	\$13,444,149	\$13,763,848	\$13,050,692
EXPENDITURES	\$234,732	\$842,496	\$963,972	\$1,019,627	\$1,029,230
POSITIONS:					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Division of Motor Vehicles Driver License Section					
EFFECTIVE DATE: July 1, 2000					

BILL SUMMARY:

Provides that a drivers license issued to a person at least 16 but less than 18 expires on the person's 20th birthday; a license issued to a person between the ages of 18 and 60 expires 10 years after date of issuance; a license issued to a person between 60 and 80 expires the earlier of 5 years after issue or the person's 80th birthday; and a license issued to a person age 80 or over expires 3 years from issuance. Requires person holding ten-year license who has three reportable accidents or who is convicted of three moving violations within a twelve month period to attend a drivers license consultation. Senate committee substitute added a provision that drivers required to attend a consultation may do so at the drivers license office of the person's choice.

ASSUMPTIONS AND METHODOLOGY:

Producing the 10-Year License

- DMV notes that the current license is not designed to last ten years so a new license card stock and printer would have to be installed. Current licenses cost \$1.05 each and it is estimated that 10-year licenses from the same vendor would cost \$1.50 each.
- For the system to be operational by July 1, 2000 it would have to be installed in the last quarter of FY99-00. To meet this schedule, DMV would have to be authorized to renegotiate its contract with the current vendor. If DMV were required instead to rebid the contract it would be 20-24 months before the system could be on-line.

Projected Transaction Volumes

- Growth in issuances was projected at 2% per year.
- In Calendar Year 1998 the number of drivers who had three accidents within a one year period was 1,690. The number of drivers who had three moving violations in a one-year period was 73,315. As a result, approximately 75,000 to 80,000 drivers would have to visit offices for consultations.
- The benefits of reduced customer visits would not begin until five years after the effective date of the legislation (FY2005-06).

Staffing Issues

- The timesaving for examiners would come primarily in renewals, which require comparatively little time (an average of 6.97 minutes).
- The number of transactions would continue to grow through FY2005 but would then drop for five years. It is possible that no examiners would need to be added in the next ten years. In the last five years of that period the filling of some vacancies could be delayed.

Cost and Revenue Issues

- It is estimated that ITS costs for reprogramming would be \$46,920 (510 hours x \$80 per hour equals \$40,800 plus \$6,120 for ITS charges).
- In the last quarter of FY2000 5-year licenses would be issued on the 10-year card stock, incurring additional costs of \$.45 for each of the 417,360 licenses issued during that quarter.
- Yearly fees for issuance of licenses would remain the same at \$2.50. The cost of ID cards would remain the same at \$10.
- For the foreseeable future there will be a cycle of five years of high income and five years of reduced income. Low cycles would be the years FY05-10 and FY15-20. DMV provided the estimates in the following table:

Revenue Cycling with Ten-Year Driver License
(millions of dollars)

Fiscal Year	Projected Revenue with <u>current 5-year License</u>	Projected Revenue with <u>proposed 10-year License</u>	Increase or (Decrease) in Revenue
1999-00	\$20.0	\$20.0	0
2000-01	\$23.6	\$29.5	\$5.9
2001-02	\$27.7	\$41.1	\$13.4
2002-03	\$28.3	\$42.1	\$13.8

2003-04	\$27.4	\$40.5	\$13.1
2004-05	\$27.9	\$41.4	\$13.4
2005-06	\$29.6	\$32.0	\$2.4
2006-07	\$31.6	\$22.9	(\$8.7)
2007-08	\$30.9	\$23.4	(\$7.5)
2008-09	\$30.1	\$23.5	(\$6.6)
2009-10	\$30.7	\$23.9	(\$6.8)
2010-11	\$32.5	\$35.3	\$2.8
2011-12	\$34.6	\$50.2	\$15.6
2012-13	\$34.0	\$51.3	\$17.3
2013-14	\$33.2	\$49.4	\$16.2
2014-15	\$33.8	\$50.4	\$16.5

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

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DATE: Tuesday, June 29, 1999



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