

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 418 (First Edition)

SHORT TITLE: Drivers License Changes/Older Drivers.

SPONSOR(S): Representatives Daughtry, Cole, Sutton, and Killian

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES		\$1,840,472	\$1,709,968	\$1,639,024	\$3,236,564
EXPENDITURES					
DMV	\$18,701	\$225,673	\$199,098	\$199,098	\$199,098
POSITIONS (cumulative):		4	4	4	4
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Division of Motor Vehicles, Department of Transportation Information Technology					
EFFECTIVE DATE: This bill becomes effective on October 1, 2009, and applies to driver licenses issued or renewed after that date.					

BILL SUMMARY: This bill makes changes to drivers license renewal periods. The bill increases the age at which drivers licenses expire in the eighth year after issuance from 54 to 65. A drivers license issued to a person at least 65 years old but less than 75 years old will expire on the birthday of the licensee in the fifth year after issue. A drivers license issued to a person at least 75 years old expires on the birthday of the licensee in the third year after issue, instead of the fifth year. Any person who is at least 85 years old will be required to take a road test.

ASSUMPTIONS AND METHODOLOGY: The Division of Motor Vehicles estimates there will be approximately 240,000 renewal customers per year in the age group of 54 to 65. Because customers will be paying for an eight year license (8 x \$4.00 per year), the customer will be paying more at the time of issuance than they do now (5 x \$4.00). This will result in an acceleration of revenue collected. However, by fiscal year 2015-2016, after the first 5-year cycle of customers coming in and changing to an eight year license, there will be a reduction in the number of renewal customers each year, which will result in a reduction of revenue. Revenue should equalize after an eight year cycle.

Department of Transportation statistics below show the number of age 75 and older drivers who can be expected to renew each year. Under current law, these drivers would be expected to renew every five years at a cost of \$20, or \$4 per year. Under this bill, the cost decreases to \$12, reducing the amount of revenue for the first three years of the change. Starting in SFY 2013-14, the drivers who initially renewed for three years would return, increasing the number of customers and the amount of revenue.

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
75+ Renewals	129,941	146,254	155,122	150,341	150,000
Current 75 + Revenue	\$2,598,820	\$2,925,080	\$3,102,440	\$3,006,820	\$3,000,000
Bill Revenue	\$1,559,292	\$1,755,048	\$1,861,464	\$1,804,092	\$1,800,000
3-Year Renewals (First 3-year renewal drivers returning)				129,941	146,254
Renewals Revenue				\$1,559,292	\$1,755,048
Net 75+ Revenue	(\$1,039,528)	(\$1,170,032)	(\$1,240,976)	\$356,564	\$555,048
54 to 65 Renewals- Additional Revenue	\$2,880,000	\$2,880,000	\$2,880,000	\$2,880,000	\$2,880,000
Total Additional Receipts/Fees	\$1,840,472	\$1,709,968	\$1,639,024	\$3,236,564	\$3,435,048

According to the DMV, there are approximately 177,879 licensed drivers over the age of 85, resulting in an average of 59,000 renewals each year. The DMV currently road tests a percentage of customers every year, so they anticipate a 50 percent increase. If 29,500 drivers are tested for 15 minutes, the result is a requirement for an additional 442,500 minutes of testing, or 7,375 hours. Since each examiner is expected to work 1800 hours each year, the bill creates a requirement for four additional examiners.

Total costs for four additional examiners are explained below:

PERSONNEL

Driver License Examiner (Pay grade 65)

Salary @ minimum	\$31,622
Number of Positions	4
Total Salary	\$126,488
FRINGE BENEFITS	
Hospitalization @4,157	\$16,628
Social Security @ .0765	\$9,676
Retirement @ .0814	\$10,296
FRINGE Total	\$36,600
Annual Salary and Benefits	\$163,088

NON-PERSONNEL

Recurring	
300 sq. ft. per examiner at \$16 sq. ft.	\$24,000
Utilities – \$2 sq. ft. per examiner	\$3,000
Janitorial - \$2.55 sq. ft. per examiner	\$3,825
Total	\$30,825
Non-Recurring	
Phone \$200 per examiner	\$1,000
Vision Test - \$700 per examiner	\$3,500
Uniforms - \$800 per examiner	\$4,000
Workstation - \$2,700 per examiner	\$13,500
Chair - \$400 per examiner	\$2,000
PC - \$515 per examiner	\$2,575
Total	\$26,575
Total for Non- Personnel	\$57,400

The increased hours required for 75-and-over renewals roughly balance out with the reduced hours required for 54 to 65 renewals, resulting in no change in the requirement for examiners.

The State Automated Driver License System (SADLS) will require the following modifications to implement a change to the driver license renewal period issued to a person at least 65 years old but less than 75 years old:

1. Modify the certification system renewal notification process date, age, and cost calculations.
2. Modify the certification system age cutoff parameter for five-year license for drivers at least 65 years old but less than 75 years old to expire on the birthday of the licensee in the fifth year after issuance.
3. Modify the certification system age cutoff parameter for road tests to require any person who is 85 years old to take a road test.
4. Modify the School Bus & Traffic Safety system when the SB expiration date needs to be calculated.
5. Calculation will be the current year plus three years for drivers 75 and older, five years for drivers between 65 and 74, otherwise it will be the current year plus eight years. This will be accomplished by changing the School Bus certification program to call common module that will accept the customer ID and return the expiration date. This common module will also be used by Certification.

The State Automated Driver License System (SADLS) will require the following modifications to implement a change to increase the age for persons receiving an eight-year driver's license from fifty-four years of age to sixty-five years of age.

1. Modify the certification system renewal notification process date, age, and cost calculations
2. Modify the certification system age cutoff parameter from 54 to 65 in the issuance process.
3. Modify the School Bus & Traffic Safety system expiration date calculations.

Completion of these changes is estimated to require 158 hours, at \$85 an hour, for a total cost of \$13,430. The hours required for each phase of the project are listed below:

Project Initiation	0
Planning and Design	56
Execute and Build	92
Implementation	10
Total Hours	158

ITS charges add \$1,913, and a change budget of 20 percent adds \$2,686, plus an additional ITS cost of \$672, for a total project cost of \$18,701. Annual maintenance is estimated to require 40 hours, or \$3,400, plus ITS costs of \$850, for a total of \$4,250. At five percent of development costs, annual operations costs are estimated at \$935, for a total annual cost of \$5,185.

The following list of assumptions was used to develop the estimated cost. Any change to the assumptions could change the estimated cost.

1. The cost of all licenses remains the same.
2. All permits are excluded.
3. No additional driver tests will be administered to receive the privilege other than those that are currently applied.
4. The only age groups impacted by this bill are citizens with ages between 65 and 74, 75 and older, and 85 and older.
5. The change in expiration dates will affect activity bus drivers and will not affect school bus drivers.
6. No additional hardware is required.

SOURCES OF DATA: Division of Motor Vehicles, Department of Transportation Information Technology

TECHNICAL CONSIDERATIONS:

With current resource constraints, this effort could not start before October 1, of 2009 and could not be completed before January 1, 2010.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Karlynn O'Shaughnessy

APPROVED BY: Marilyn Chism, Director
Fiscal Research Division

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