

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5135-01
Bill No.: HB 1848
Subject: Licenses - Driver's; Revenue, Department of
Type: Original
Date: January 7, 2016

Bill Summary: This proposal requires same-day service for driver's license issuance and renewal, prior to January 2, 2018

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|--------------------|---------------------------------------|------------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| General Revenue | (\$133,155) | (Could exceed \$5,000,000) | \$720,287 |
| Total Estimated Net Effect on General Revenue | (\$133,155) | (Could exceed \$5,000,000) | \$720,287 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume this legislation proposes that the department implement same-day service for license issuance and renewal in which an applicant's license is printed in the individual license office and is issued to the applicant at the time of his or her application.

Administrative Impact:

The changes to this section will require the department to:

- Amend the current license issuance contract with the vendor to acquire over-the-counter printers, card design functionality and consumables required to produce the driver and nondriver licenses in the license offices.
- Modify the Missouri Electronic Driver License Central Issuance system and supporting applications to allow for processing of the driver and nondriver license in the license offices.
- Install new equipment in each of the 178 license offices.
- Install new equipment in the central office for testing and development.
- Modify website information, forms and manuals with references to license issuance requirements and new card design elements.
- Complete test case development and end user testing of hardware and license issuance procedures for issuance of the driver and nondriver license documents.
- Deploy outreach efforts to inform the public, state and federal agencies and other entities using a Department of Revenue issued driver or nondriver license (identification card) for verification of identity of the changes.
- On-going management of inventory processes for maintaining document production consumables in all offices.
- OA-ITSD would require several programming changes.

FY `17 - Driver License Bureau

| | | |
|------------------------------------|----------------------------------|------------------------|
| Administrative Analyst II - | 960 hrs @ \$31.00 (1 ½) per hr = | \$29,760 |
| Management Analyst Specialist II - | 1000 hrs @ \$25.00 per hr = | \$25,000 |
| Revenue Band Manager II - | 320 hrs @ \$32.00 per hr = | <u>\$10,240</u> |
| | | <u>\$65,000</u> |

ASSUMPTION (continued)

FY '17 - Personnel Services Bureau

| | |
|--|-----------------------------------|
| Update Web Page Information - Administrative Analyst III | 10 hrs @ \$24.00 = \$ 240 |
| Develop Form - Management Analysis Spec I | 80 hrs @ \$22.00 = \$1,760 |
| Develop Procedures - Management Analysis Spec I | 80 hrs @ \$22.00 = <u>\$1,760</u> |
| | \$3,760 |

Total OA-ITSD Impact for FY '17 is 858.60 hours at \$75 per hour = \$64,395.

DOR assumes the equipment and card design software will be provided by a vendor. If not, then a graphics designer would need to be hired.

In summary, DOR assumes a cost of \$133,155 (\$65,000 + \$3,760 + \$64,395) in FY 2017 to provide for the implementation of the changes in this proposal.

To meet the requirements of this proposal DOR assumes the department must amend the current license issuance hardware and card printing vendor contract to acquire over-the-counter printers, card design and consumable card materials in all offices.

The cost to obtain the necessary printers for each of the 178 license offices and central office systems, maintenance, card design hardware and software and consumables by amending the current contract is estimated to be a one-time cost of \$5,000,000 until the end of the contract.

The current contract is set to expire in September of 2016, and once the contract is rebid with over-the-counter issuance as prescribed by this legislation, the per-document cost will increase. It's unknown what the increased cost to the state will be in FY '18 and future fiscal years.

There will be a cost savings for mailing each year since the license will be given to the customer at the time of application. The cost savings will be approximately \$360,144 for FY '18 and \$720,287 for FY '19.

Officials from the **State Treasurer's Office** assume the proposal will have no fiscal impact on their organization.

Oversight will reflect a savings to the General Revenue Fund in FY 2017 and FY 2019 and will show a cost in FY 2018 to reflect the one-time cost of necessary printers.

| <u>FISCAL IMPACT - State Government</u> | FY 2017 (10 Mo.) | FY 2018 | FY 2019 |
|---|---------------------------|---------------------------------------|-------------------------|
| GENERAL REVENUE | | | |
| <u>Savings</u> - DOR - mailings | \$0 | \$360,144 | \$720,287 |
| <u>Cost</u> - DOR - Administrative and printer cost | (\$133,155) | (Greater than \$5,000,000) | \$0 |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | <u>(\$133,155)</u> | (Could exceed \$5,000,000) | <u>\$720,287</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2017 (10 Mo.) | FY 2018 | FY 2019 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

License Offices could have a potential negative fiscal impact as a result of this proposal.

FISCAL DESCRIPTION

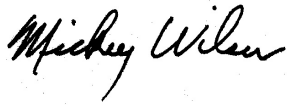
This proposal requires, by January 2, 2018, the Department of Revenue to provide same day service for the issuance and renewal of a driver's license. The license will be printed and issued at the individual license office at the time of his or her application.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue
State Treasurer's Office

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 7, 2016

Ross Strobe
Assistant Director
January 7, 2016