LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 7579 | **NOTE PREPARED:** May 4, 2007
BILL NUMBER: SB 463 | **BILL AMENDED:** Apr 28, 2007

SUBJECT: Identification Required for Drivers' Licenses.

FIRST AUTHOR: Sen. Heinold | **BILL STATUS:** Enrolled
FIRST SPONSOR: Rep. Tincher

FUNDS AFFECTED: X **GENERAL** | **IMPACT:** State & Local
X **DEDICATED**
X **FEDERAL**

Summary of Legislation: This bill:

(1) provides that the Bureau of Motor Vehicles (BMV) may no longer collect a transaction fee on credit card transactions;
(2) changes the pro rata reductions in registration fees and excise taxes for automobiles registered after the owners' regular registration dates from a 10-month schedule to a 12-month schedule;
(3) makes certain changes concerning the contents of and application procedure for a driver's license, learner's permit, or identification card to comply with federal law;
(4) provides for varying expiration dates for a driver's license, learner's permit, and card based on the holder's lawful status in the United States;
(5) requires that an application for a driver's license, permit, or card by a person who does not have a Social Security number must include a verification of the applicant's: (A) ineligibility for a Social Security number; and (B) identity and lawful status in the United States;
(6) authorizes the BMV to adopt rules regarding temporary invalidation of a card if the BMV believes that the card was issued based on fraudulent documentation;
(7) authorizes: (A) a law enforcement officer to issue an electronic traffic ticket in lieu of a paper ticket; and (B) the transmission of an electronic traffic ticket to a court under certain conditions;
(8) allows an electronic traffic ticket to be admissible in a court proceeding under certain circumstances
(9) adds advance practice nurses to the list of professionals who may certify an individual as being severely restricted in mobility for purposes of issuance of a parking placard for a person with physical disabilities;
(10) provides that an individual participating in the Address Confidentiality Program may provide to the BMV an address designated by the Attorney General as the principal residence address;
(11) authorizes the BMV to adopt a written exceptions process to create exceptions for the issuance of driver's licenses, permits, and cards when certain documentary evidence is lacking;
(12) authorizes the BMV to adjust fees for the issuance of certain licenses to comply with full

implementation of the federal Real ID Act;
(13) provides that an individual may not hold a driver's license and a card at the same time;
(14) replaces the Commissioner of the BMV as the Chairman of the Motor Vehicle Sales Advisory Board and transfers administrative control of the Board to the Secretary of State;
(15) requires certain civil penalties collected for violations related to the Board to be deposited into the Securities Division Enforcement Account;
(16) makes other changes and conforming amendments; and
(17) makes technical corrections.

Effective Date: Upon passage; July 1, 2007.

Explanation of State Expenditures: (3) Making changes to certain BMV application procedures may increase technology expenditures for the BMV. The expenditures will come from the State Motor Vehicle Technology Fund, established for the purpose of paying for new technology as it becomes available to carry out the functions of the BMV.

The State Motor Vehicle Technology Fund is supported by a $0.50 service charge collected by license branches for various transactions. Over the last four fiscal years, the Technology Fund has averaged $5.5 M in revenue. This Fund is in addition to the normal budgetary appropriations. Expenditures from the Technology Fund require state Budget Agency approval.

(4) Providing for varying expiration dates for a driver's license, learners' permit, and identification cards based on the holder's lawful status in the United States may require additional expenditures for the BMV, the amount of which is not known. The fund affected is the Motor Vehicle Highway Account which supports the BMV.

Fund	Uses
Motor Vehicle Highway Account	Construction, reconstruction, and maintenance, along with supporting the BMV, the State Police, the Dept. of Transportation, and the State Department of Revenue

Background Information: In CY 2004, the most recent year for which data are available, the BMV issued approximately 964,000 four-year operator's licenses, along with approximately 918,000 other types of licenses and permits.

(6) Authorizing the BMV to adopt rules to temporarily invalidate a motor vehicle registration, license, permit, or identity card if the BMV believes that the registration, license, permit, or identification card was issued based on fraudulent documentation will have no fiscal impact and will be accomplished through existing rule-making procedures.

(7) Authorizing the use an electronic format for traffic tickets will result in the expenditure of federal funds already received for this purpose by the State Court Administration.

Background Information: The Judicial Technology and Automation Committee (JTAC) of the State Court Administration and various state and local law enforcement agencies are working together on a pilot initiative to develop a software application that will allow an officer to produce a uniform traffic ticket

(UTT) electronically.

The electronic ticket project is being supported through a National Highway Transportation and Safety Administration 408 grant through the Criminal Justice Institute (CJI). This money is available through June 30, 2007. The total amount of the 408 grant for this project is $311,492. These funds will cover development costs for the e-ticket application and limited equipment purchase. In cooperation with CJI, additional 408 funding is to be solicited for this project for FY 2008 and FY 2009. If additional funds are received, enhancements can be made if they are needed and additional equipment can be purchased. The electronic ticket is part of the Court's Statewide Management System. The Court reports that once the application is developed, the JTAC will maintain the application using existing resources.

State law enforcement agencies may be required to purchase scanners if they do not already possess them in order to fully utilize the e-ticket application. A scanner costs about $800, according to published information.

(9) Adding advance practice nurses to the list of professionals who may certify an individual as being severely restricted in mobility for purposes of issuance of a parking placard for a person with physical disabilities may result in the issuance of additional placards. In CY 2004, the most recent year for which complete data are available, 134,787 placards were issued. There is no charge to the requesting driver.

(12) Authorizing the BMV to adjust certain fees for the issuance of certain licenses may add additional expenditures, the amount of which is indeterminable.

(14) This provision transfers certain duties of the BMV to the Secretary of State. These duties can be found in IC 9-23-19 (Motor Vehicle Sales Advisory Board); IC 9-23-2 (Regulation of Vehicle Merchandising); IC 9-23-3 (Unfair Practices); and IC 9-23-6 (Unfair Practices). The BMV reports that this will involve the transfer of 20 employees to the Secretary of State from the BMV, with an estimated cost of $1.3 M. annually. The funds affected are the Motor Vehicle Highway Account, which supports the BMV, and the state General Fund, which supports the Secretary of State.

Explanation of State Revenues: (1) Providing that the BMV may no longer collect a transaction fee on credit card transactions will have no fiscal impact on the BMV. The BMV reported that they are not collecting the fee.

(12) Authorizing the BMV to adjust certain fees for the issuance of certain license may affect revenues, the amount of which is indeterminable.

Explanation of Local Expenditures:

Explanation of Local Revenues: (2) *Pro Rata Reductions in Registration Fees and Excise Taxes - Excise Tax Partial Year Adjustments:* Under current law, motor vehicle excise taxes are prorated when a vehicle is newly registered or sold during the registration year and when the owner's last name is changed. The current prorating is as follows:

> New registrations: The excise tax is reduced by 10% per month for each month since the owner's usual registration date.
>
> Sale of a vehicle: The owner receives a refund equal to the full-year excise tax, less 10% per month

for each month since the registration date.

Last name change (earlier registration date): The owner receives a refund equal to 10% of the full-year excise tax for each month between the old (later) and the new (earlier) registration dates.

Last name change (later registration date): The owner pays additional excise tax equal to 10% of the full-year excise tax for each month between the old (earlier) and the new (later) registration dates.

This bill would change the 10% monthly adjustments cited above to 8.33% to reflect a 1/12th adjustment per month. If one assumes that there are the same number of new registrations as there are vehicles sold and if the excise taxes and number of months between registration dates is the same for each group, then this provision would have little impact. Likewise, there is an assumption that the number of name changes that result in an earlier registration date is similar to the number of name changes that result in a later registration date

State Agencies Affected: BMV; Bureau of Motor Vehicles Commission.

Local Agencies Affected: Recipients of excise tax distributions.

Information Sources: Anne Valentine, Legislative Liaison with Bureau of Motor Vehicles, 317-232-1936.

Fiscal Analyst: James Sperlik, 317-232-9866; Robert Sigalow, 317-232-9859.