

**STORAGE NAME:** h1875a.tr.doc  
**DATE:** April 6, 2001

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
TRANSPORTATION  
ANALYSIS**

**BILL #:** HB 1875

**RELATING TO:** Driver's License Privatization Study Commission

**SPONSOR(S):** Committee on Transportation and Representative Russell

**TIED BILL(S):**

**ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:**

- (1) TRANSPORTATION
  - (2)
  - (3)
  - (4)
  - (5)
- 

**I. SUMMARY:**

HB 1875 creates the Driver Licensing Study Commission within the Department of Highway Safety and Motor Vehicles to study the benefits of public-private partnerships in the area of driver licensing. The commission is to be composed of eight members.

The commission's focus will be studying and making recommendations on the feasibility of using privatization, outsourcing, and public-private partnership techniques in the delivery of driver's license services. The commission must review local government driver's licensing programs and review results available from driver's licensing privatization pilot projects.

The commission is to provide two reports to the Governor, the Speaker of the House of Representatives, and the President of the Senate. The initial report of the commission is due on January 1, 2002, and the commission's final report is due on or before January 1, 2003. The reports also may include suggested legislation. The commission is dissolved at the time it submits its final report.

The commission's expenses and activities will be funded by \$100,000 from the Highway Safety Operating Trust Fund.

SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |                              |                             |                              |
|-----------------------------------|------------------------------|-----------------------------|------------------------------|
| 1. <u>Less Government</u>         | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u>             | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

The mission of the Department Highway Safety & Motor Vehicles (DHSMV) is to make highways safe through service, education and enforcement. To accomplish this mission, DHSMV has a budget of \$340 million and almost 5,000 positions.

The Driver License (DL) Division within DHSMV promotes safety on the highways by licensing qualified drivers, controlling and improving problem drivers, ensuring drivers are financially responsible for their actions, and maintaining records for driver evaluation. The DL Division provides services to the driving public through a network of 146 field offices (including selected county tax collector offices) located throughout the state. Licensing services include the following major activities:

- Issuing driver licenses, including the administration of knowledge (written) and skills (road) tests, and identification cards;
- Administering the Commercial Driver License, Organ Donor, and Motor Voter programs;
- Identifying and controlling problem drivers by revoking, canceling, or suspending driving privileges;
- Assisting customers by resolving questions pertaining to driver licenses, financial responsibility, suspensions and reinstatements; and
- Maintaining driver records and conducting administrative hearings involving hardship license reinstatements, suspension, medical competency, and financial responsibility.

Since 1996, county tax collectors have been authorized to provide driver license services as agents of DHSMV. Currently, 21 tax collectors are providing driver license services at 30 locations. Services available through the tax collectors include new licenses, renewals, duplicates, learner's permits, and identification cards. In addition, tax collectors are authorized to provide commercial driver license (CDL) services. However, a number of the participating tax collectors have opted not to administer the skills (road) test.

Privatization and outsourcing of services has become an increasingly popular management option for restructuring governmental organizations and services. Privatization is generally defined as transferring government functions or assets, or shifting of government management and service delivery to the private sector. Outsourcing is related to privatization and involves methods of contracting for specific services.

DHSMV has several initiatives underway to outsource specific components of driver license testing. For example, there are currently 456 third-party testers conducting the CDL skills test. These third-party testers account for 87 percent of the CDL skills tests administered. There are presently 13 third-party testers performing the motorcycle skills and knowledge tests. The department also has agreements with 54 school districts to conduct testing through their school-based driver education programs. DHSMV's website contains a feature ("Express Lane") allowing Florida motorists to perform driver license renewals and address changes on-line. In order to renew a license using this system an individual must have a Visa or Master Card.

**C. EFFECT OF PROPOSED CHANGES:**

HB 1875 creates the Driver Licensing Study Commission within the Department of Highway Safety and Motor Vehicles to study the benefits of public-private partnerships in the area of driver licensing. The commission is to be composed of eight members:

- The Speaker of the House of Representatives shall appoint two members. At least one of these appointees must have business managerial experience in the private sector.
- The President of the Senate shall appoint two members. At least one of these appointees must have business managerial experience in the private sector.
- The Governor shall appoint three members. At least one of these appointees must have information technology experience relating to systems utilizing complex databases.
- The Executive Director of the Department of Highway Safety and Motor Vehicles shall serve as an ex officio, nonvoting member of the commission.

The commission's focus will be studying and making recommendations on the feasibility of using privatization, outsourcing, and public-private partnership techniques in the delivery of driver's license services. The commission must review local government driver's licensing programs and review results available from driver's licensing privatization pilot projects. In addition, the commission's study shall address the following issues:

- Identification of functions that are appropriate for privatization or outsourcing and functions for which the public sector should maintain direct control.
- Technology and re-engineering of business processes to achieve greater efficiencies, ultimately resulting in cost reduction.
- The format and type of necessary procurement procedures, and oversight and audit mechanisms to protect the interests of the state of Florida in dealings with private service providers.
- Contractual controls to ensure appropriate service delivery and customer satisfaction.
- Safeguards for control of personal information.
- Ways to encourage the use of alternative service delivery options.
- Service center size and location to ensure that the public is best served.
- Issues related to utilization and placement of current public driver's license employees in public/private licensing enterprises.
- Any other issues the commission deems relevant to driver's license privatization.

With the exception of per diem and reimbursement for travel expenses, the members of the commission will serve without compensation. The Department of Highway Safety and Motor Vehicles shall serve as primary staff to the commission, providing technical and administrative assistance and ensuring that commission meetings are electronically recorded.

The commission is to provide two reports to the Governor, the Speaker of the House of Representatives, and the President of the Senate. The initial report of the commission is due on January 1, 2002, and the commission's final report is due on or before January 1, 2003. The reports also may include suggested legislation. The commission is dissolved at the time it submits

its final report. The commission's expenses and activities will be funded by \$100,000 from the Highway Safety Operating Trust Fund.

D. SECTION-BY-SECTION ANALYSIS:

N/A.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

There will be a fiscal impact associated with paying commission members per diem and travel expenses. There also will be administrative costs for DHSMV for staffing the commission. The commission's expenses and activities will be funded by \$100,000 from the Highway Safety Operating Trust Fund.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The mandates provision is not applicable to an analysis of this bill because the proposed bill does not require cities or counties to expend funds, or to take actions requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the revenue-raising authority of counties or municipalities.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the state tax revenues shared with counties or municipalities.

**STORAGE NAME:** h1875a.tr.doc

**DATE:** April 6, 2001

**PAGE:** 5

IV. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VI. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

Prepared by:

Staff Director:

---

Phillip B. Miller

---

Phillip B. Miller