

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Transportation and Economic Development Committee

BILL: CS/SB 2082

SPONSOR: Transportation Committee and Senator Sebesta

SUBJECT: Driver Licenses and Identification Cards

DATE: April 25, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Davis	Meyer	TR	Fav/CS
2.	Noble	Martin	TA	Pre-meeting
3.				
4.				
5.				
6.				

I. Summary:

This committee substitute (CS) for SB 2082 deletes the provision that authorizes county tax collectors to be designated the exclusive agent of the Department of Highway Safety and Motor Vehicles (DHSMV) for the local administration of driver license services. Instead, DHSMV is required to contract by January 1, 2007, with any person or entity to serve as DHSMV's agent for the provisions of driver license services. The CS specifies DHSMV may contract with no more than five agents, including, but not limited to tax collectors, as necessary to provide the most comprehensive and reliable driver license services statewide. In addition, preference must be given to agents that are an association or group of tax collectors. The CS requires each person or entity authorized to provide a service must bear all costs associated with providing such service and allows a service fee, not to exceed \$25, to be charged for each transaction processed by the agent.

In addition, the CS requires that all employees of authorized agents must maintain the confidentiality of all personal information collected by the agent. The CS also provides that each person or entity serving as DHSMV's agent is required to give a sufficient surety bond payable to DHSMV and conditioned upon his or her faithfully and truly performing the duties imposed upon him or her and upon his or her accounting for all materials, records, and other property and money coming into his or her possession or control by reason of performing the duties. The DHSMV shall determine the amount of the bond.

The CS also provides for the creation of a quality assurance unit to monitor and provide oversight of all agents. The quality assurance unit is to submit a report each year no later than February 1, which must include, but is not limited to, a report of average customer wait times, customer survey responses, and revenue collections and distributions made by the agencies. The

report shall be issued to the Senate President, the Speaker of the House of Representatives and the Executive Office of the Governor.

This CS substantially amends ss. 318.15, 322.02, and 322.29; creates s. 322.136; and repeals s. 322.135 of the Florida Statutes.

II. Present Situation:

Driver's License Services – Department of Highway Safety and Motor Vehicles

The DHSMV's Division of Driver Licenses administers driver license-related activities, which are intended to increase consumer protection and promote public safety by licensing only those drivers who demonstrate the necessary knowledge, skills, and abilities to operate motor vehicles on Florida's roads; controlling and improving problem drivers by suspending and revoking the licenses of drivers who abuse their driving privileges; monitoring drivers to ensure they carry the required insurance to be financially responsible for their actions; and maintaining driver history records. According to DHSMV, there were 14,788,685 persons holding Florida drivers' licenses as of January 2004.

Driver license-related activities are divided into 4 service categories: (1) Driver Licensure Service Category which provides licensing services including issuing driver licenses and identification cards; answering customer inquiries over the telephone and Internet; maintaining comprehensive driver history; and maintaining the statewide traffic citation system; (2) Motorists Financial Responsibility Compliance Service Category which is responsible for ensuring licensed drivers comply with Florida automobile insurance laws and requirements to carry Personal Injury Protection (PIP) and Property Damage Liability (PDL) insurance coverage, and Bodily Injury Liability coverage if required; (3) Identification and Control of Problem Drivers Service Category which is responsible for identifying and controlling problem drivers through suspending, revoking, disqualifying, and canceling driving privileges, conducting administrative reviews for issuance of limited restricted licenses for offenders, and approving course curriculum and evaluating driver improvement-related course programs; and (4) Executive Direction and Support Services Service Category which administers general business functions, provides leadership and direction, and supports all driver license-related activities.

During fiscal year 2004-2005, the Division of Driver Licenses was appropriated \$83,861,515 and authorized 1,480 full-time positions. The division currently operates 100 field offices distributed throughout the state. Almost 1,000 of the division's positions are assigned to field operations.

Driver License Services – County Tax Collectors

Sections 322.02 and 322.135, F.S., respectively, provide DHSMV may authorize tax collectors to serve as exclusive agents for the purposes of issuing driver's licenses and other driver's licensing services. Currently, 27 tax collectors are providing driver license services at 56 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 services. However, a number of the participating tax collectors have opted not to administer the skills (road) test. Tax collectors who serve as driver's

license agents may charge an additional \$5.25 fee for driver license services they provide. One dollar of this fee must be deposited into the Highway Safety Operating Trust Fund and is used to meet technology requirements of the driver's licensing system.

III. Effect of Proposed Changes:

The following discussion represents a section-by-section analysis of the CS:

Section 1 amends s. 318.15, F.S., effective January 1, 2009, to delete the reference to tax collectors and changes the reference of "service" charge to "reinstatement" charge.

Section 2 amends s. 322.02, F.S., effective January 1, 2009, to delete the legislative intent that county tax collectors may be designated the exclusive agent of the DHSMV for the local administration of driver license services.

Section 3 repeals s. 322.135, F.S., effective January 1, 2009, which authorizes county tax collectors to be designated the exclusive agent of the DHSMV for the local administration of driver license services.

Section 4 creates s. 322.136, F.S., which requires DHSMV to contract by January 1, 2007, with any person or entity to serve as a DHSMV agent for the provisions of driver license services. The CS specifies DHSMV may contract with no more than five agents, including, but not limited to tax collectors, as necessary to provide the most comprehensive and reliable driver license services statewide. In addition, preference must be given to agents that are an association or group of tax collectors. The CS also requires the following provisions:

- Services provided may include, but are not limited to chs., 97, 119, 322, 324, 627, 765, 775, 812, 832, 893, and 943. Services provided under the provisions of 49 C.F.R. 572.11 are limited to those authorized by federal regulation. However, services provided pursuant to a contract authorized by s. 322.142, F.S., and in existence as of the effective date of the CS are not included;
- Each person or entity authorized to provide a service must bear all costs associated with providing such service;
- A service fee, not to exceed \$25, may be charged to any person completing a transaction with an authorized agent. However, a service fee may not be charged: (1) for multiple transactions arising from a single visit to an agent's location; (2) when a driver has been referred for reexamination by the medical advisory board or law enforcement agency; (3) for a duplicate driver's license or identification card when a police report is presented as documentation the license or identification card was stolen; or (4) for a replacement driver's license or identification card when the address of the customer was changed by the state, county, or federal government.

In addition, the CS requires all employees of authorized agents must maintain the confidentiality of all personal information collected by the agent as required in s. 119.07(6)(aa), F.S.

The CS provides each person or entity serving as DHSMV's agent is required to give a sufficient surety bond payable to DHSMV and conditioned upon his or her faithfully and truly performing

the duties imposed upon him or her and upon his or her accounting for all materials, records, and other property and money coming into his or her possession or control by reason of performing the duties. The DHSMV shall determine the amount of the bond.

The CS also provides for the creation of a quality assurance unit to monitor and provide oversight of all agents. The quality assurance unit is to submit a report each year no later than February 1, which must include, but not limited to, a report of average customer wait times, customer survey responses, and revenue collections and distributions made by the agencies. The report shall be issued to the Senate President, the Speaker of the House of Representatives and the Executive Office of the Governor.

Section 5 amends s. 322.29, F.S., effective January 1, 2009, to delete the reference to tax collectors and changes the reference of “service” charge to “reinstatement” charge.

Section 6 provides except as otherwise expressly provided in the CS, the CS shall take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Indeterminate.

C. Government Sector Impact:

The fiscal impact of the CS on DHSMV and local tax collectors is indeterminate. However, to the extent authorized agents assume responsibility for the delivery of driver license services, and the current distribution of related fees and costs is revised, the CS could have a significant fiscal impact.

VI. Technical Deficiencies:

None.

VII. Related Issues:

According to DHSMV, as DHSMV contracts with any person or entity by January 1, 2007, the DHSMV will begin closing up to 100 field issuance offices. The approximately 960 related field personnel will need to be hired by the new licensing agent in that area, incorporated into other positions within DHSMV, or laid-off. Some may elect to retire if eligible. Some of the field positions will be assigned to the quality assurance unit to monitor and provide oversight and for additional trainer positions. The Legislature will need to provide appropriate language to allow DHSMV to terminate as many as 54 leases for office facilities to coincide with office closures.

The Federal Motor Carrier Safety Administration rules and regulations prohibit states from allowing third parties to administer commercial driver license service knowledge exams and, therefore, this area could not be contracted out by DHSMV.

According to DHSMV, certain types of privatized driver license testing, such as commercial vehicles skills tests which requires special equipment, may save enough public expense to justify the investment of rigorous oversight needed to offset this risk. However, the several major cases and numerous lesser instances of fraud DHSMV has detected in the course of monitoring privatized driver license testing confirm many businesses will indeed allow test integrity to degrade when profits are at stake. In instances of fraudulent commercial driver license activity, DHSMV has decertified contracts with third party testers and recalled the drivers to state facilities for retesting. Similar situations could apply to all driver license testing. This same factor would likely threaten the integrity of the safeguards driver licensing provides in other areas.

The DHSMV stated, in the spring of 2000, a three-year pilot project for outsourcing of the Class D and E driver license testing began. The project involved seven third party administrators throughout the state. The final evaluation of this project revealed tendencies toward less rigorous testing, with a need for strong oversight. Many issues were found involving record keeping and road test performance. The monitors experienced difficulty accessing customer files and viewing the performance of testers. A review showed that in all cases, the conviction, crash and insurance suspension rates were significantly higher for customers who went to a third party administrator than it was for those individuals who tested at a DL office. From this information, one can conclude perhaps the customers had not been adequately tested.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
