

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Transportation Committee

BILL: CS/SB 1528

INTRODUCER: Transportation Committee and Senator Baker

SUBJECT: Driver's Licenses

DATE: April 14, 2009

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Davis	Meyer	TR	Fav/CS
2.			GO	
3.			FT	
4.			WPSC	
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|--|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="checked" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill substantially revises ch. 322, F.S., relating to the issuance of drivers' licenses. The bill increases fees imposed on original or renewal commercial driver's licenses and the delinquent fee for renewals issued less than 12 months after the expiration date. The fee for an original Class E license is also increased. In addition, the bill specifies tax collectors, as the exclusive agent of the Department of Highway Safety and Motor Vehicles (department) must be paid fees authorized by ch. 322, F.S., for driver license services.

This bill substantially amends the following sections of the Florida Statutes: 322.01, 322.051, 322.058, 322.135, 322.17, 322.21, 322.29, and 322.61.

II. Present Situation:

The department and its agents issue approximately 6.2 million drivers' licenses and identification (ID) cards each year and maintain more than 21.1 million driver records. Demand for these services has increased in recent years due to population growth and will likely continue to increase due to the impending implementation of the REAL ID Act of 2005 (REAL ID).

Chapter 322, F.S., prohibits persons from operating any motor vehicle on the highways of the state without having a valid driver's license. Licensing provides assurance drivers:

- Can read and understand road signs, traffic signals and highway markings;
- Know Florida driving rules;
- Can see well enough to drive safely;
- Have the necessary skills and experience to drive safely; and
- Are not afflicted by physical or mental conditions that might preclude the safe operation of a motor vehicle.

In Florida, driver's licenses are issued by the Division of Driver Licenses (DDL) within the department. The DDL is composed of ten bureaus and 1,539 employees. The largest are the five geographical Bureaus of Field Services with 963 employees providing customer service in 84 field offices throughout the state, as well as 11 mobile licensing units. Field Services employees administer the required vision, knowledge, and driving skills examinations, and issue driver's licenses and ID cards. Other bureaus include:

- Records (99 FTEs)
- Driver Education and DUI Programs (19 FTEs)
- Financial Responsibility (51 FTEs)
- Driver Improvement (64 FTEs)
- Administrative Reviews (122 FTEs)

The DDL issues the following classes of licenses: Class A, B, C, and E. Classes A, B, and C are for drivers of commercial motor vehicles such as large trucks and buses. Class E is for drivers of non-commercial vehicles.

Persons wishing to obtain a Florida driver's license must be properly tested. Prior to issuing a driver's license or identification card, examiners:

- review the customer's identification and residency documents;
- create or retrieve the driver's record;
- take a digital photograph of the applicant;
- complete the driver's license application, which includes real-time verification of the social security number and nationwide driver status checks;
- scan the identification and residency documents;
- collect the applicable fees and the customer's electronic signature; and
- print the driver's license or identification card.

The DDL also performs services relating to voting, selective service, organ donor registration, and data sharing for food stamps and college tuition programs.

County Tax Collectors

History — Prior to the creation of the Florida Constitution of 1885, the collection of county taxes was carried on by appointed officers named by county judges who were still heavily responsible for county administrative activities. The 1885 constitution based a revised philosophy on the fact

the state had by then been subdivided into 39 counties, each with population sufficiently large to warrant locally concentrated taxation. Those who drafted the document reasoned taxes could be best collected at the local level, and by being an elected officer, the tax collector would be more responsive to the needs of the community from which he or she was elected.

Florida Tax Collector's Duties and Responsibilities — In Florida, the majority of tax collectors (64 out of 67) are independent constitutional officers duly elected from his or her counties of residence by his or her fellow citizens and taxpayers for a four-year term. Three tax collectors are appointed (Broward, Miami-Dade, and Volusia counties). The independence, coupled with the fact tax collectors deal with a variety of duties and responsibilities and provide a myriad of important public services, allows them to exercise valuable roles in Florida's government. They direct, plan, organize, budget, set and implement policies which affect not only their governments, but reach the state level as well.

The tax collector is an agent for various state and local government agencies, for the collection of revenue and public funding. The responsibility of the tax collector is to invest these revenues and funds, pending their timely distribution, to various state agencies, local agencies and taxing authorities.

Although revenues collected are mostly taxes, the tax collector's office is not funded from tax dollars. The tax collector's office is a fee office, which means a fee or commission is earned for the services rendered. These fees and commissions are outlined in the statutes and are established by the legislature. Generally, the fees collected for the services provided are used to fund the operating budget, which is approved by the Florida Department of Revenue (FDOR).

In most counties, the tax collector is responsible for the collection, accounting and distribution of ad valorem taxes and also the collection of taxes set at the local level. These include those imposed by special levying districts and state agencies and taxes set by county commissions, such as the local tourist development tax.

The tax collector acts as an agent for FDOR, for which the tax collector collects delinquent real and personal property taxes. The amount of the taxes is based on the assessed value and the millage rate, which is set by the various taxing authorities.

As an agent for the Florida Fish and Wildlife Conservation Commission, the tax collector is responsible for the sale of hunting and fishing permits. In addition, the tax collector is responsible for the maintenance of records and collection of money associated with these transactions.

Since 1996, s. 322.135, F.S., has allowed county tax collectors to apply to the department for the opportunity to provide driver's license services. Currently, 38 county tax collectors provide driver's license services at 99 locations throughout the state accounting for about 28% of all over-the-counter driver's license and ID card issuances. Services by county tax collectors generally include license/identification card renewals, replacements or duplicates. Many tax collectors do not issue original or foreign national licenses because of the additional resources required for knowledge and skills testing and document validation. Uniformity with state procedures is maintained through state-provided training, quality assurance reviews, and

published policies. Tax collectors are authorized to levy an additional service fee of \$5.25 for each license service.

Chapter 320, F.S., provides the law for registration of motor vehicles and mobile homes. Chapter 328, F.S., provides the laws for the registration of vessels. The tax collectors are authorized under statute and rule to implement the statutory and regulatory requirements for the registration of vehicles and vessels and the issuance of various indicia of ownership as set forth by the department.

Sections 320.03(1) and 328.73, F.S., respectively, designate county tax collectors as agents of the state for the purpose of collecting fees, entering tag and title information, issuing license plates and registration stickers, and vessel numbers. As an agent for the department, the tax collector is responsible for issuance of automobile license plates/decals, mobile home decals, disabled persons parking permits, vessel decals and title applications, where applicable. The tax collector is responsible for maintenance of records, reporting sales, accounting for inventory and dispersing monies collected in a timely manner to the department.

In addition to the license taxes and fees associated with vehicle title and registration transactions, tax collectors are authorized to retain a service fee of \$4.25 for title transactions and \$2.50 for registration transactions (an additional fee of 50 cents is charged for transactions processed at a branch office.) Tax collectors also are authorized to retain a service fee of \$3.75 for title transactions and \$2.25 for registration transactions in addition to applicable license taxes and fees associated with vessel title and registration transactions.

For the FY 2006-2007, the department recorded \$1,313,739,595.02 in revenue from fees and taxes associated with motor vehicle and vessel tags, titles, and registrations as well as other revenues. The tax collectors throughout Florida were responsible for the collection of \$1,171,869,445.64 or approximately 89.2 percent of these revenues.

Identity Documents

Sections 322.051 and 322.08, F.S., provide requirements for the issuance of an identification card or driver's license.

Reinstatement of Driving Privileges Relating to a Delinquent Child Support Obligation

Section 322.058, F.S., which provides for the department to suspend the driver's license and motor vehicle registration when notice is received of a delinquent child support obligation or if an individual has failed to comply with a subpoena, order to appear, order to show cause or similar order. These conditions under which the license and registration can be suspended are also identified as conditions by which the license and registration may be reinstated.

Replacement Licenses

Section 322.17(1), F.S., requires a \$10 fee for a duplicate driver license in the event a licensee's driver license is lost or destroyed.

License Fees

Section 322.21, F.S., provides the following relating to fees for the various licenses issued by the department:

- An original or renewal commercial driver's license is \$67, which shall include the fee for driver education provided by s. 1003.48, F.S.; however, if an applicant has completed training and is applying for employment or is currently employed in a public or nonpublic school system that requires the commercial license, the fee shall be the same as for a Class E driver's license. A delinquent fee of \$1 shall be added for a renewal made not more than 12 months after the license expiration date.
- An original Class E driver's license is \$27, which shall include the fee for driver's education provided by s. 1003.48, F.S.; however, if an applicant has completed training and is applying for employment or is currently employed in a public or nonpublic school system that requires a commercial driver license, the fee shall be the same as for a Class E license.
- The renewal or extension of a Class E driver's license or of a license restricted to motorcycle use only is \$20, except that a delinquent fee of \$1 shall be added for a renewal or extension made not more than 12 months after the license expiration date. The fee provided in this paragraph shall include the fee for driver's education provided by s. 1003.48, F.S.
- An original driver's license restricted to motorcycle use only is \$27, which shall include the fee for driver's education provided by s. 1003.48, F.S.
- Each endorsement required by s. 322.57, F.S., is \$10.
- A hazardous-materials endorsement, as required by s. 322.57(1)(d), F.S., shall be set by the department by rule and shall reflect the cost of the required criminal history check, including the cost of the state and federal fingerprint check, and the cost to the department of providing and issuing the license. The fee shall not exceed \$100. This fee shall be deposited in the Highway Safety Operating Trust Fund. The department may adopt rules to administer this section.

Surrender and Return of Driver's Licenses

Section 322.29, F.S., grants the department, upon suspending or revoking a license, the authority to require the surrender of a license. At the end of the period of suspension, the surrendered license may be returned or a duplicate license issued to the licensee after the applicant has successfully passed the vision, sign and traffic law examinations. The department may also require the licensee to submit to a driving examination.

Customer Service

Due to the subjective ambiguity of qualitative assessments of customer service and personal convenience, the quantitative measure of customer 'wait time' has become the most meaningful proxy for measuring customer satisfaction with driver licensing services. In essence, wait time and the ability to complete the entire transaction in one visit are the criteria by which an applicant is most likely to judge his or her experience. Accordingly, the department has in recent years sought to improve the way in which the product is delivered. Particular attention has been paid to wait times with the DDL implementing a number of process improvements over the last few years, which have contributed to its reduction.

A primary focus has been to accommodate customers who do not need to visit an office in person to complete their transactions. By remotely servicing persons needing express services, such as address changes, via the Internet, telephone, or mail, overall wait times in field offices is

reduced. Self-service computer kiosks are being tested in various locations including the field offices to accommodate those persons lacking Internet and phone service. The department is also exploring the concept of opening satellite offices in retail locations such as Wal-Mart stores.

To measure its progress in reducing wait times, the department polls its customers via internet surveys and comment cards in field office locations. From the quarter ending September 2005 to the quarter ending September 2007, the statewide percentage of customers who waited more than 120 minutes for service in a state driver's license office decreased from 14 percent to 0.4 percent. The metric measuring the shortest wait period, *i.e.*, "Up to 15 Minutes" increased from 42 percent to 76.2 percent indicating a general reduction in wait times statewide.

Due to the wide variations in population densities, the number of drivers being serviced can vary dramatically between the state's geographic regions. For example, the field offices in Palm Beach, Broward, and Miami-Dade Counties handle more licensing transactions than the rest of the state combined. None of the three counties' tax collectors provides driver's license services and, according to the department, these counties typically show the longest wait times. However, from the quarter ending September 2005 to the quarter ending September 2006, the number of customers in this region waiting more than 120 minutes times decreased from 17% to 2% and the shortest measured period ("Up to 15 Minutes") increased from 38% to 70% also indicating customers are experiencing significantly shorter wait times as a result of various service improvements.

Reducing Wait Times

The most apparent solution to reducing customer wait times is to increase the number of service providers available to customers. This can be accomplished by providing for additional department employees or through outsourcing to either other public sector or private entities. Research conducted by OPPAGA indicates increased outsourcing to tax collectors is feasible but challenged by funding concerns. Likewise, the report indicates outsourcing of driver's license services to private entities is feasible but could increase the state's and its citizens' exposure to identity theft and fraud.

As experienced, trusted agents of the state and, in most cases, elected constitutional officers accountable to the state and their citizens, and due to the availability of existing infrastructure, tax collector's present the most viable option for expanding face-to-face customer services for driver's licenses and ID cards. Besides the increase in the number of driver's license service providers, consumers further benefit from the grouping with other services such as vehicle title and registration services in a one-stop shop. Statutory authority currently exists to give all tax collectors the opportunity to provide driver's license services. However, about half of the counties' tax collectors do not currently offer any and many offer only a limited number of services. There are at least two possible reasons for this – the fiscal impact and the complexity of the driver's license process. As stated previously, Florida law authorizes tax collectors to levy an additional service fee of \$5.25 for each license service. A 2001 study by the Cost Determination and Allocation Task Force found, and OPPAGA has confirmed, this fee is insufficient to cover the actual cost of providing most drivers' license services. According to the 2001 study, the average actual cost borne by a tax collector to issue a driver's license is \$10.09 (in 2001 dollars.) Thus, tax collectors choosing to provide all services must, in effect, pay for that opportunity. The complexity of providing some driver licensing services such as driver skills examinations is also

a disincentive. Services for foreign nationals also require a complex process of establishing legal presence and document verification that is both costly and, in recent years, subject to numerous revisions. As a result, many of those tax collectors who provide driver's license services pick and choose which services to provide based on their costs and the complexity of the requirements.

III. Effect of Proposed Changes:

The following is a section by section analysis of the bill:

Section 1 amends s. 322.01, F.S., to provide a definition for "county tax collector" which means the tax collector, as defined in s. 192.001, F.S., when acting as an authorized agent of the department.

Section 2 amends s. 322.051, F.S., to provide a duplicate identification card may be obtained upon payment of the fee provided in s. 322.21, F.S. References to respective ID card fees were moved from s. 322.051, F.S., to 322.21, F.S., during the 2008 session; however, one partial sentence was not deleted and should have been.

Section 3 amends s. 322.058, F.S., to clarify a person's driving privilege and motor vehicle registration following a suspension due to support delinquency may be reinstated upon meeting certain requirements and upon payment of the fee provided in s. 322.21(8), F.S.

Section 4 amends s. 322.135(1), F.S., to clarify a tax collector is authorized to charge a \$5.25 fee, in addition to fees set forth in ch. 322, F.S., for administering driver's license transactions.

Section 322.135(3), F.S., is amended to authorize a tax collector to establish one or more branch offices by acquiring title to real property or by lease agreement. A tax collector may staff and equip such office, subject to budget approval, as defined in s. 195.087(2), F.S., to perform the expressed state duties as an agent of the department for his or her county.

Section 322.135(5), F.S., is amended to allow tax collectors who are providing driver license services to, by interlocal agreement, provide driver license services in another tax collector's county in order to provide efficient service and minimize the cost of service delivery.

Section 322.135(8), F.S., is amended to specify tax collectors, as the exclusive agent of the department, must be paid fees authorized by ch. 322, F.S., for driver license services, in addition to the \$5.25 fee authorized in s. 322.135(1)(c), F.S.

Section 5 amends s. 322.17, F.S., to include the authorization for a replacement of a person's mutilated driver's license or permit upon payment of the appropriate fee and furnishing of required information.

Section 6 amends s. 322.21, F.S., to increase certain fees for the various licenses issued by the department and authorize tax collectors to retain certain fees for services. Specifically:

- Section 322.21(1)(a), F.S., is amended to increase the fee for an original or renewal commercial driver's license from \$67 to \$75 and increases the delinquent fee from \$1 to

- \$10 for renewals issued less than 12 months after the expiration date. The \$75 fee would be deposited into the GR Fund.
- Section 322.21(1)(b), F.S., is amended to increase the fee for an original Class E license from \$27 to \$40 and authorize the tax collector to retain \$12 of the fee if he or she issues the license. The remaining \$28 would be deposited into the GR Fund.

Section 7 amends s. 322.29, F.S., to clarify provisions governing the payment of fees upon the reinstatement of a license that was surrendered to the department.

Section 8 amends s. 322.61, F.S., to attempt to conform a cross-reference that will change as a result of the bill.

Section 9 provides this act shall take effect July 1, 2009.

Other Potential Implications:

This bill compares to CS/CS/SB 1778 which is an implementing bill for the proposed General Appropriations Act for FY 2009-2010 relating to the department.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

This bill increases fees imposed on driver's licenses.

The bill increases the following fees:

<u>Drivers Licenses Fees</u>	<u>Current Fee</u>	<u>New Fee</u>
Licenses and ID Cards	\$67/\$27	\$75/\$40
Delinquent Fee	\$1	\$10

B. Private Sector Impact:

Fee increases, as prescribed in the bill, will result in increased costs to individuals obtaining a Commercial Driver License or a Class E driver's license.

C. Government Sector Impact:

According to the department, the bill increases GR by the following:

<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>
\$ 219,992	\$ 219,992	\$ 219,992

Provides for an \$8 increase for an Original CDL based on 27,499 originals issued annually.

\$ 618,488	\$ 618,488	\$ 618,488
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Provides for an \$8 increase for a Renewal of a CDL based on 77,311 renewals issued annually.

\$ 148,320	\$ 148,320	\$ 148,320
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Provides for a \$9 increase in the delinquent fee of a CDL based on 16,480 delinquents issued annually.

<u>\$5,523,116</u>	<u>\$5,282,980</u>	<u>\$5,042,845</u>
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Provides for Class E driver's licenses issued by the department based on 615,732 issued annually. FY 09-10 reflects 69%, FY 10-11 reflects 66%, and FY 11-12 reflects 63% of transactions being performed by the department.

\$ 190,877	\$ 209,349	\$ 227,821
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Provides for \$1 of the \$13 increase will be deposited into GR when issued by a tax collector. For FY 2009-2010, the above impact assumes the fee revisions as proposed in the bill and 31% of transactions being performed by the tax collectors with the exception of central issuance. FY 2010-2011 assumes the proposed fee changes with the tax collectors conducting 34% of all driver license transactions with the exception of central issuance. FY 2011-2012 also assumes the proposed fee changes with the tax collectors performing 37% of all driver license transactions with the exception of central issuance.

Total GR increase: <u>\$6,700,793</u>	<u>\$6,479,129</u>	<u>\$6,257,466</u>
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Local Government Fiscal Impact:

Tax Collector increase:

<u>\$2,290,523</u>	<u>\$2,512,187</u>	<u>\$2,733,850</u>
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Provides for Class E driver licenses issued by a Tax Collector based on 615,732 issued annually. FY 09-10 reflects Tax Collectors issuing 31%, FY 10-11 at 34%, and FY 11-12

at 37%. The tax collector retains \$12 of the \$13 increase when the driver's license is issued by a tax collector.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The department provided the following comments:

This bill will have an impact on the Florida Driver License Information System (FDLIS) and the Florida Real-time Information System (FRVIS) applications. Several services, forms, reports and new fee code(s) will need to be modified and/or added. ISA will require approximately 1340 hours for programming and systems testing. However, programming cost to change the fee schedule will be absorbed within existing resources.

The department suggests an effective date September 1, 2009.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Transportation on April 14, 2009:

- Reinstates current law authorizing a tax collector to charge a \$5.25 fee, in addition to fees set forth in ch. 322, F.S., for administering driver's license transactions.
- Deletes provisions to increase the fee for both the driver's license knowledge and skill re-examinations.
- Allows tax collectors who are providing driver license services to, by interlocal agreement, provide driver license services in another tax collector's county in order to provide efficient service and minimize the cost of service delivery.
- Increases the fee for an original or renewal commercial driver's license from \$67 to \$75 and increases the delinquent fee from \$1 to \$10 for renewals issued less than 12 months after the expiration date.
- Deletes numerous proposed fee increases.
- Deletes a provision authorizing county tax collectors to sell driver records.

B. Amendments:

None.