

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 868 (Delegate Love)

Commerce and Government Matters

Vehicle Laws - Commercial Driver's License - Third Party Testing

This bill requires that the Motor Vehicle Administration (MVA) establish a third party testing system to allow companies that employ at least 35 full-time licensed commercial drivers to administer skills tests for commercial driver's licenses (CDL). The MVA must certify that the third party testers and examiners meet the requirements that are detailed in the bill. The system must be in place and operational by October 1, 1998. The bill is effective July 1, 1998.

Fiscal Summary

State Effect: Potential indeterminate effect on Transportation Trust Fund (TTF) expenditures. Minimal decrease in TTF revenue.

Local Effect: None.

Small Business Effect: None. It is unlikely that any small businesses would qualify for participation based on the number of required employees, insurance coverage requirements and other conditions required in the bill.

Fiscal Analysis

State Expenditures: It is estimated that there are 300 companies that would be eligible to participate in the Third Party Testing program. The MVA assumes that all eligible companies would seek to be certified as third party testers. As such, TTF expenditures could increase by an estimated \$347,079 in fiscal 1999, which accounts for the program's October 1, 1998 effective date. This estimate reflects the cost of hiring a Project Manager and three Quality Assurance Supervisors to train and certify approximately 500 instructors and to certify 300 commercial driver education facilities. An additional three Internal Auditors would be required to perform 100 audits each. Audits of certified companies are required by federal regulations. The above estimate includes salaries, fringe benefits, one-time start-up

costs, and ongoing operating expenses. Future year expenditures would be approximately \$310,000 and would reflect: (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The Department of Legislative Services (DLS) notes that the above estimate is based on a participation rate of 100%. It is not clear what the actual rate of participation would be. Liability issues and facility requirements may discourage a number of eligible companies from seeking certification as CDL testers. For example, participating companies must carry insurance coverage of at least \$1,500,000 for bodily injury, death, or property damage and must have a permanent skills test site available for testing use. Therefore, the MVA's estimate may be overstated. Furthermore, the MVA's expenditures may decrease depending upon the number of CDL skills tests that would be performed by third party testers. The MVA conducted approximately 13,000 CDL skills tests in fiscal 1997. It is estimated that each test takes approximately two hours. To the extent that private companies perform such tests rather than the MVA, the MVA may require fewer employees.

Additional costs of about \$50,000 could be incurred for the development and printing of training materials, forms and certificates. Also, the number of administrative hearings could increase. It costs the MVA approximately \$62 in reimbursable funds for each MVA hearing conducted by the Office of Administrative Hearings. The MVA estimates that \$3,100 will be required for such hearings annually. Again, DLS notes that any such costs may be mitigated by a less than 100% participation rate.

State Revenues: The MVA assesses a \$40 fee for a skills test for a CDL and a \$20 fee for a skills retest. To the extent that third party testers administer such tests, MVA revenue will decrease. However, MVA would still collect a \$30 fee to issue a commercial driver instructional permit and a \$20 fee to issue a CDL.

Information Source(s): Department of Transportation (Motor Vehicle Administration),
Department of Legislative Services

Fiscal Note History: First Reader - March 10, 1998

Inc

Analysis by: Jody J. Minnich

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710