

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 989 (Delegate Franchot)
 Environmental Matters

Vehicle Laws - Surcharge for Accumulation of Points

This bill requires the Motor Vehicle Administration (MVA) to maintain a point system for the assessment of surcharges. The bill requires the MVA to assess and collect a \$100 surcharge on an individual who accumulates six points against his or her driving record within any two-year period. In addition to the \$100 surcharge for accumulation of six points, the MVA is also required to assess and collect a \$25 surcharge for each point accumulated in excess of six points within any two-year period.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues could increase by \$592,200 due to surcharges assessed on those drivers who accumulate six points and those who accumulate in excess of six points, assuming that about 50% of the assessed charges would be remitted. Future years include annualization. TTF expenditures could increase by \$109,300 for three positions and related expenses to process surcharge assessments. Future years include annualization and inflation. This bill is not expected to affect operations of the Office of Administrative Hearings. General fund expenditures may increase, however, due to potential additional workload for the Central Collection Unit in the Department of Budget and Management.

| (in dollars) | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 |
|----------------|-----------|-----------|-----------|-----------|-----------|
| SF Revenue | \$592,200 | \$789,600 | \$789,600 | \$789,600 | \$789,600 |
| GF Expenditure | - | - | - | - | - |
| SF Expenditure | 109,300 | 124,400 | 132,300 | 140,900 | 150,400 |
| Net Effect | \$482,900 | \$665,200 | \$657,300 | \$648,700 | \$639,200 |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The MVA is required to maintain a point system for the refusal, suspension, or revocation of driver's licenses. For points accumulated within any two-year period, the MVA is required to send a warning letter to a driver who accumulates three points. For a driver who accumulates five points, the MVA must require attendance at a conference. Professional drivers with class A, B, or C licenses who submit acceptable evidence to the MVA may not be required to take the conference until the accumulation of eight points.

Unless suspension or revocation would create an adverse effect on the driver's employment, as specified in statute, the MVA is required to suspend the license of each driver who accumulates 8 points and revoke the license of each driver who accumulates 12 points. For a person who is required to drive in the course of employment, license suspension occurs at 16 points and license revocation occurs at 19 points. The MVA must issue a notice of suspension or revocation to those drivers who accumulate enough points to be subject to those actions by the MVA. Each notice must be personally served or sent by certified mail, return receipt requested. The notice must state the duration of the suspension or revocation and advise the driver of the right to file a written request for a hearing before the MVA within ten days after the notice is sent (excluding weekends and holidays). Unless a hearing is requested, each suspension and revocation becomes effective at the end of the ten-day period after notice is sent.

State Revenues: TTF revenues could increase by \$592,200 in fiscal 2004, accounting for an October 1 start date. This is based on MVA data indicating that annually, 7,841 individuals are likely to accumulate six or more points. This group would be assessed \$100 for the accumulation of six points and \$25 for each point accumulated in excess of six points. The MVA data indicates that individuals in this group have accumulated up to 48 points. The estimate assumes that the MVA or the Central Collection Unit would be able to recover about 50% the assessed surcharges, since no further punitive action results from not paying the surcharge in a timely manner. The projection assumes no changes in the caseload or in the surcharges assessed. However, it should be noted that the group likely to be subject to these surcharges is variable, because points expire after a two-year period. The extent to which the group subject to this bill is likely to vary is not reliably predictable at this time. Out-year projections include annualization (\$789,600).

State Expenditures: TTF expenditures could increase by \$109,280 in fiscal 2004. The MVA would require three fiscal account technician positions to send surcharge assessments to drivers, send follow-up billing notices to those who do not respond at 30- and 60-day intervals, reconcile the database, and track nonpayments that would be sent to the Central Collections Unit. Also included in this estimate are remittance forms and postage.

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% turnover; and (2) 1% increases in ongoing operating expenditures.

The MVA advises that computer programming expenditures could increase by an additional \$105,000 to create a database, modify suspension and revocation notices, modify point totals to reflect surcharges and create new invoices. The MVA also advises that the new Driver License Point-Of-Sale system would also have to be modified by an outside vendor and that the programming cost could be significant. The Department of Legislative Services (DLS) advises that if other legislation is passed requiring computer programming changes, economies of scale could be realized. This would reduce computer programming costs associated with this bill and other legislation affecting the MVA system. Further, DLS advises that the request for increased computer expenditures is an estimate and the MVA may be able to handle the changes with substantially less money than requested.

DLS advises that this bill may also impact the operations of the Central Collection Unit and require additional expenditures.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of Administrative Hearings, Department of Transportation, Department of Legislative Services

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ncs/jr

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