

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 935 (Delegates Owings and O'Donnell)
Environmental Matters

Vehicle Laws - Unsafe Drivers - License Renewal Fee

This bill establishes an additional noncommercial license renewal fee for individuals with a certain number of points on their license or who have been convicted for driving while under the influence of alcohol or driving while impaired by alcohol or drugs. The fee increases according to the number of violations for which the licensee has been convicted.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures will increase by \$54,600 in FY 2005. Potential significant increase in TTF revenues depending upon the fee collection rate. Revenues would increase by \$841,700 in FY 2005 at a 100% collection rate and by \$370,300 at a 44% collection rate. Special fund revenues will increase to the extent that the Central Collections Unit (CCU) participates in collecting fees owed under the bill.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires an additional fee for renewal of a noncommercial Class A, B, C, D, E, or M driver's license if the licensee has six points or certain convictions on his/her driving record, as shown below. The fee only applies if the points or convictions occurred within three years of the renewal date:

<u>Violation on Record</u>	<u>Fee</u>
Accumulation of six points for nonalcohol-related moving violations	\$100
Accumulation of more than six points for nonalcohol-related violations	\$25 per point
One conviction for driving while under the influence of alcohol or driving while impaired by alcohol or drugs in Maryland or for a similar offense in another jurisdiction	\$1,000
Two convictions for driving while under the influence of alcohol or driving while impaired by alcohol or drugs in Maryland or for a similar offense in another jurisdiction	\$1,500
Three or more convictions for driving while under the influence of alcohol or driving while impaired by alcohol or drugs in Maryland or for a similar offense in another jurisdiction	\$2,500

The Motor Vehicle Administration (MVA) must notify an individual who is subject to an additional fee at least 30 days before the person's license renewal date. A license may not be renewed until the fee is paid. The MVA may establish a schedule for fee payment and may renew an individual's license that will be subject to suspension if the payment schedule is not followed.

Current Law: Drivers in Maryland must renew their license every five years. The MVA charges a \$30 renewal fee. No additional fees are assessed due to an individual's driving record.

A person who is convicted of driving or attempting to drive while under the influence of alcohol or alcohol per se is subject to a fine of up to \$1,000 and/or imprisonment for up to one year. The MVA is required to assess 12 points against the violator's license and the license is subject to revocation. A second offense subjects the violator to a fine of up to \$2,000 and/or imprisonment for up to two years. Any subsequent offense subjects the violator to a maximum fine of up to \$3,000 and/or imprisonment for up to three years.

A person who is convicted of driving or attempting to drive while impaired by a controlled dangerous substance is subject to a maximum fine of \$500 and/or

imprisonment for up to two months. The MVA is required to assess 12 points against the violator's license, and the license is subject to revocation. A second or subsequent violation of driving or attempting to drive while impaired by a controlled dangerous substance subjects the violator to a maximum fine of \$500 and/or imprisonment for up to one year.

A person who is convicted of driving or attempting to drive while impaired by alcohol or drugs is subject to a maximum fine of \$500 and/or imprisonment for up to two months. The MVA is required to assess eight points against the violator's license, and the license is subject to suspension. A second or subsequent violation of driving or attempting to drive while impaired by a controlled dangerous substance subjects the violator to a maximum fine of \$500 and/or imprisonment for up to one year.

State Fiscal Effect: TTF revenues will increase as a result of the fees; however, it is unclear what the revenue levels will be. If the MVA collected payments from *all* individuals subject to the fee, the bill would generate a total of \$841,650 of additional revenues in fiscal 2005, accounting for the October 1 effective date, and \$1,122,200 annually thereafter. This estimate is based on fiscal 2003 renewal activity and assumes a total of 4,595 individuals will be subject to one of the fees. Under this scenario:

- 1,422 drivers with six points will pay \$100 (\$142,200);
- 2,465 individuals with over six points will pay \$25 per point (\$246,500); and
- 708 drivers with alcohol-related convictions within three previous years will pay \$1,000 to \$2,500, including:
 - 663 individuals with one conviction who pay \$1,000 (\$663,000);
 - 42 individuals with two convictions who pay \$1,500 (\$63,000); and
 - 3 individuals with three or more convictions who pay \$2,500 (\$7,500).

However, the MVA advises that given the level of increase for the renewal fee and other factors, the collection rate may be as low as 44% or \$370,326 in fiscal 2005. The risk of nonpayment increases with the number of points on the licensee's record. Furthermore, some of these fees may be collected by CCU, a State agency that collects certain outstanding State debts and generally retains 17% of the collected funds. The Department of Legislative Services (DLS) concurs that a 100% collection rate is unlikely despite the legal requirement for a driver's license to operate a motor vehicle. The rate could be higher than projected but notes that the MVA has had difficulty based on other fee collections. For example, in fiscal 2002, \$54.7 million of penalties was owed from uninsured motorists but only \$10.2 million was collected.

Out-year revenues will vary according to the license renewal cycle. Renewals jumped by over 30% between 2002 and 2003, then will increase only slightly (1.8% to 2.5%) in 2004 and 2005.

TTF expenditures will increase by \$54,615 in fiscal 2005 to hire one full-time and one part-time fiscal technician to handle payment schedules, notifications to drivers, and additional bad check cases generated by the fee. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The MVA indicates that it will require two full-time technicians to handle the additional workload and assumes that all or most of the renewal cases will result in bad checks. However, DLS advises that the fee will only apply to approximately 5,000 individuals per year and that the MVA accounting office has five full-time staff to handle 10,000 to 12,000 bad check cases.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 15, 2004
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