

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 157 (Chairman, Judicial Proceedings Committee)
(By Request – Departmental – Transportation)
Judicial Proceedings

Motor Vehicle Administration - Driver Licensing - Examination of Applicants

This departmental bill authorizes the Motor Vehicle Administration (MVA) to adopt regulations that allow independent third party contractors to administer driver's license examinations or any portion of a driver's license examination to qualified applicants and charge a fee. Except for the required vision test, the MVA may waive any driver's license examination or any portion of an examination under specified circumstances.

Fiscal Summary

State Effect: Potentially significant increase in Transportation Trust Fund (TTF) expenditures one-time only in FY 2008 for computer reprogramming charges. Revenues would not be affected.

Local Effect: None.

Small Business Effect: The Maryland Department of Transportation has determined that this bill will have minimal or no impact on small business (attached). The bill could provide additional responsibilities and sources of income to driver education schools and private testing centers. Legislative Services concurs with this assessment.

Analysis

Current Law: The MVA is required to establish qualifications for the safe operation of various classes, types, sizes, or combinations of vehicles and examine each applicant to determine the applicant's qualifications. Except as otherwise provided, the MVA must

examine each applicant for an original driver's license or for a class of license higher than that currently held by the applicant. An examination must include a test of the applicant's vision, ability to read and understand highway signs, and knowledge of traffic laws. An examination must include a demonstration of the applicant's ability to reasonably control a motor vehicle and any other physical or mental examination that the MVA considers necessary to determine an applicant's fitness to safely drive a motor vehicle.

If an applicant is qualified to take a driver's license examination, the applicant must appear in person at an MVA office. For a driver skills or road examination, each applicant must provide an appropriate motor vehicle that may be driven under the license class for which the applicant is being tested. The holder of a learner's instructional permit must be accompanied by a qualified individual who is licensed to drive a motor vehicle. The holder of a Class M (motorcycle) learner's instructional permit may transport the motorcycle to the driving test by truck or other vehicle, or may be accompanied by a qualified person.

If the applicant does not pass the examination, the MVA may issue the applicant any license of a lower class for which the applicant is qualified. The MVA may waive any driver's examination if the applicant: (1) has a valid Maryland-issued driver's license; (2) is applying for a Class M license and successfully completed the approved basic motorcycle safety course; (3) holds a valid license from another state, a U.S. territory or possession, the District of Columbia, or the Commonwealth of Puerto Rico; or (4) a province or territory of Canada. However, the MVA may not waive a required vision examination.

Background: This bill would authorize the MVA to use a third party to create a certification test for noncommercial driver education graduates based on the State's mandated curriculum. The third party would be responsible for implementing a business plan, supplying test sites, and test administration. The bill is intended to provide the opportunity for cost savings, reallocation of personnel, and reduction of wait times in MVA offices. Under this bill an applicant for a learner's permit would no longer go to the MVA to take the law test. Instead, the applicant would go to one of the vendors approved by the MVA and take the law test. The applicant would pay a fee to the vendor. The applicant would also continue to pay the MVA required fee (currently \$45) for issuance of a new license.

According to the MVA, seven other states currently allow third parties to handle the written driver knowledge tests. These states are Alaska, Arizona, Colorado, Florida, Idaho, Maine, and Montana. At least 11 other states allow third parties to handle driver

skills tests. These states are Alaska, Arizona, Colorado, Florida, Idaho, Iowa, Michigan, Montana, Pennsylvania, Utah, and Vermont.

State Revenues: The MVA has authority to set fees for the issuance of driver's licenses through regulation. Implementation of this bill would not require the MVA to reduce or otherwise adjust fees for driver's licenses because of testing by third parties. New driver's license applicants would pay a separate fee to a private vendor to take the law test.

State Expenditures: The MVA advises that although authority to outsource administration of licensing tests would be provided by this bill, it would not be prepared to implement outsourcing for at least three years. At that time, the MVA would consider outsourcing only the written portion of the licensing test (law test).

Currently, the driver's license system has no capability to electronically transmit test results from possible vendors to an MVA office. As a result, the MVA advises that TTF expenditures could increase by \$472,950 in fiscal 2008 only to make computer programming changes that provide the links necessary to transmit test results from vendors to the MVA. However, 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. Furthermore, DLS advises that the increased expenditure is an estimate and that the MVA may be able to handle the changes at a lower cost than currently estimated.

Implementation of this bill could result in operating efficiencies for the MVA by reducing the wait times for customers in branch offices. Currently, the MVA uses about 17 full-time positions to administer the noncommercial law tests and 25 full-time positions to administer the noncommercial skills test. In fiscal 2003, 293,107 noncommercial law tests and 161,000 noncommercial skills test were administered. The MVA advises that the personnel resources gained from elimination of the law testing function would be reallocated to auditing of testing vendors and reducing wait times in branch offices. The average wait time per customer at an MVA branch office was 47 minutes in fiscal 2003, and 418,277 new licenses were issued.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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Analysis by: Karen D. Morgan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510