

**Department of Legislative Services**  
 Maryland General Assembly  
 2005 Session

**FISCAL AND POLICY NOTE**

House Bill 1168 (Chairman, Environmental Matters Committee)  
 (By Request – Departmental – Transportation)

Environmental Matters

**Motor Vehicle Administration - Driver's Licenses - Restoration Fees**

This departmental bill establishes fees for restoration of a driver’s license after it has been suspended, cancelled, or revoked by the Motor Vehicle Administration (MVA), and authorizes the MVA to enter into contracts with private collection agencies.

The bill takes effect January 1, 2006.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) revenues could increase by \$13 million in FY 2006 and by \$26.1 million annually thereafter. Potential increase in TTF expenditures for computer costs in FY 2006 only.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	\$13,032,700	\$26,065,400	\$26,065,400	\$26,065,400	\$26,065,400
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$13,032,700	\$26,065,400	\$26,065,400	\$26,065,400	\$26,065,400

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

**Local Effect:** Local revenues could increase by \$3.9 million in FY 2006 and by \$7.8 million annually thereafter from revenues distributed by the Gasoline and Motor Vehicle Revenue Account (GMVRA) as highway user revenues.

**Small Business Effect:** The Maryland Department of Transportation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

## **Analysis**

**Bill Summary:** Any individual whose license or privilege to drive has been refused, revoked, canceled, or suspended must pay the MVA a restoration fee before the MVA can restore the license or privilege to drive. Fees for driver's license restoration are credited to the GMVRA. They are not considered miscellaneous fees.

The fee for restoration of a driver's license or driving privilege is:

- \$300 for any revocation;
- \$300 if the suspension, refusal, or cancellation was the result of an alcohol restriction; refusal to submit to chemical tests for intoxication; a conviction for reckless, negligent, or impaired driving; an accumulation of points; or any conviction that was the result of a fatal accident; or
- \$100 for other suspensions, refusals, or cancellations.

There is no fee for restoration of a license if the suspension, refusal, or cancellation was the result of: (1) a cosigner for a minor requesting suspension; (2) a Medical Advisory Board decision; (3) the MVA canceling the license because the licensee was not entitled to the license, failed to give the required or correct information on the application, or committed fraud in making the application; or (4) the MVA requesting reexamination of the driving ability of the applicant and suspending the license after the reexamination.

The MVA may enter into a contract with a private collection agency to collect its debt rather than referring collections to the Central Collection Unit. The private contractor may charge an individual an MVA-approved fee for its billing and collection services in addition to the restoration fee. A refusal by the MVA to restore the license for failure to repay the restoration fee is not entitled to a hearing to appeal its decision.

**Current Law/Background:** The MVA may charge fees for an issuance of a new license, renewal of a license, a duplicate license, conversion of a provisional license, or a fee for noncommercial license. It also has the authority to charge miscellaneous fees.

The MVA currently charges \$75 to restore a driver's license that was revoked for alcohol-related reasons (a major restoration); minor restorations (failure to comply with a court order, outstanding arrest warrants, etc.) are charged a fee of \$45. A fee is not charged for a restoration after a suspension.

Of nearby states, Delaware, the District of Columbia, and New Jersey all charge higher fees for restoration of driving privileges than Maryland does, while Virginia can charge

higher fees. Delaware charges a fee of \$143.75 for a revoked license (though Delaware only charges \$25 to restore a suspended license). In Virginia, driver's license reinstatement fees range from \$40 to \$120 based on the type of suspension. In the District of Columbia, a reinstatement costs \$98; while in New Jersey, the fee for reinstatement is \$100.

**State Revenues:** The MVA advises that, in fiscal 2004, there were 32,212 suspensions and 3,964 revocations that would now be assessed a \$300 restoration fee. There were 155,231 suspensions that would be assessed a \$100 fee.

TTF revenues would increase by \$13,032,715 in fiscal 2006 and by \$26,065,430 annually thereafter. This estimate accounts for the January 1, 2006 effective date of the bill and is based on the following assumptions:

- the total number of revocations and suspensions subject to the restoration fee under the bill remains constant at fiscal 2004 levels (191,137);
- the number of revocations and suspensions subject to the \$300 fee remains constant (3,694 revocations, 32,212 suspensions) and the number of suspensions subject to the \$100 fee remains constant (155,231 suspensions); and
- all individuals who have a revocation or a suspension apply for a new license and pay the fee.

As 30% of restoration fees would be distributed to local governments as highway user revenues through the GMVRA, only 70% would be retained by the State. Therefore, State revenues would increase \$9,122,901 in fiscal 2006 and by \$18,245,801 annually thereafter.

**State Expenditures:** There would be 187,443 additional exchanges of money due to the requirements of this bill. The MVA advises that it would need six additional employees to implement this bill – three customer service agents to handle the additional exchanges of money and three additional fiscal account technicians to answer inquiries about the program, how the fee was assessed, reconcile the database, and track nonpayments.

Legislative Services advises that, currently when a license is suspended or revoked, an individual has to pay for a new license anyway. The additional fee could be assessed at the time that the individual pays for a new license and would not generate a new transaction. Further, tracking nonpayment is not an issue because an individual would pay the fee at the same time the individual purchased a new license. Nonpayment would mean the license would not be restored. Therefore, additional employees would not be required.

The MVA advises that computer reprogramming would cost approximately \$140,000. Legislative Services advises that, if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce the programming costs associated with this bill and other legislation affecting the MVA system.

**Local Fiscal Effect:** Local governments would receive 30% of restoration fees as highway user fees through the GMVRA. Accordingly, this bill would result in a total increase in local revenues of \$3,909,815 in fiscal 2006, and \$7,819,629 annually thereafter.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - March 7, 2005  
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