

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

House Bill 1374 (Delegate Mandel)
 Environmental Matters

Motor Vehicle Administration - Drivers' Licenses - Renewal

This bill requires that a driver's license issued to an individual who is 71 or older expire on the birth date of the licensee the second year after it is issued. In addition, the Motor Vehicle Administration (MVA) may not renew the driver's license of an individual who is 66 or older without requiring the individual to appear in person at the MVA.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures would increase by \$603,400 in FY 2007. Future year estimates reflect annualization and inflation. Potential additional increase in TTF expenditures for referrals to the Medical Advisory Board (MAB). Potential additional increase in TTF expenditures in FY 2007 only for computer reprogramming costs. Assuming that individuals 71 or older pay a prorated license renewal fee, revenues would not be affected.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	603,400	727,900	767,700	810,400	856,400
Net Effect	(\$603,400)	(\$727,900)	(\$767,700)	(\$810,400)	(\$856,400)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The MVA may not renew a license of an individual if the MVA has “good cause” to believe that allowing that individual to drive would be contrary to the public safety and welfare because of a mental or physical disability. The MVA must refer all such individuals to the MAB. The MVA must adopt regulations establishing what constitutes “good cause.”

Current Law: For an individual who is 21 or older, a driver’s license expires on the birth date of the fifth year after it was issued. A license is renewable on the presentation of an application, the payment of the renewal fee, and passing a vision test or providing certification of visual acuity from a licensed optometrist or physician. A vision test is not required if an individual is between the ages of 21 and 40, if the individual has passed an MVA vision test in the past six years. Except under specified circumstances involving out-of-state individuals, the MVA may not renew a license for more than one five-year period without requiring the individual to appear at the MVA.

The administrator of the MVA may refer to MAB the case of any licensee or applicant for a license, if the administrator has good cause to believe that individual’s driving would be contrary to public safety and welfare because of an existing or suspected mental or physical disability.

Background: According to the Insurance Institute for Highway Safety, older drivers (70 and older) have higher rates of fatal crashes per mile driven than all drivers but those between 16 and 20; however, this is more due to increased fragility of older drivers, which makes them more susceptible to injury, as opposed to a greater tendency to crash. Beginning at 75, however, older drivers begin to become over-involved in crashes. This may be due in part to age-related decreases in vision, hearing, cognitive functions, and physical impairments.

According to the Insurance Information Institute, 12 states have an age-related vision testing requirement, 3 states require a road test once a driver is past a certain age, 2 require medical testing for individuals 70 or older under specified circumstances, and 6 have age limits on the ability to renew a driver’s license by mail.

State Fiscal Effect: The MVA advises that, as of February 22, 2006, 300,856 active registered licensed drivers were at least 71 years old. Approximately 80% of this population physically travels to the MVA to renew their driver’s license, or 48,137 individuals annually. Under a two-year license, this number would increase to 150,428 individuals renewing annually, or 102,291 additional walk-in transactions.

In addition, individuals between the age of 66 and 70 would be required to renew their driver's license in person. The MVA advises that, in fiscal 2005, there were 6,738 individuals who renewed their driver's license by mail who would now have to renew their license in person. In total, the number of walk-in transactions annually would increase by 109,029 annually.

Based on MVA staffing models, the MVA would need 14 additional employees to handle the additional caseload. Alternatively, the average transaction time would increase by six minutes.

TTF expenditures could increase by an estimated \$603,364 in fiscal 2007, which accounts for the bill's October 1, 2006 effective date. This estimate reflects the cost of hiring 14 customer service agents (grade 10) to process licensing transactions. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	14
Salaries and Fringe Benefits	\$446,243
Additional Supplies for New Transactions	67,693
Reduced Mailing Supplies	(4,407)
Start-up Costs	71,890
Operating Expenses	<u>21,945</u>
Total FY 2007 State Expenditures	\$603,364

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The information and assumptions used in calculating the estimate are stated below:

- an additional 109,029 walk-in transactions annually and 18,772 fewer mail transactions for a total of 90,257 additional transactions;
- the MVA would not administer road tests for these driver's license renewals; and
- the number of individuals 66 and older stays constant at fiscal 2005 levels.

It is assumed that individuals who are 71 or older would pay a prorated license renewal fee of 40% of the current five-year renewal fee; accordingly, TTF revenues would not be affected.

The MVA advises that it would have to develop criteria for referring individuals 71 or older to MAB. Each MAB case takes eight hours for a nurse manager to complete. Additional nurse case managers could be needed if the increase in cases is significant. MAB processed approximately 16,000 medical cases in fiscal 2005 and 16,000 alcohol-related cases. Until the criteria have been developed, the number of additional MAB referrals annually cannot be reliably estimated; however, the MVA advises that it could be significant, reaching almost \$500,000 annually.

The MVA advises that computer reprogramming costs associated with this bill would total \$45,000. Legislative Services advises that, if other legislation is passed requiring reprogramming of the licensing system, economies of scale could be realized. This would reduce the costs associated with this bill and other legislation affecting the MVA.

Additional Comments: The bill does not authorize the MVA to require individuals 71 or older to retake a road test or a written knowledge test or alter the renewal process in any way for such individuals; therefore, any referrals to MAB would be based solely on the impressions of the MVA agents processing the transaction. The MVA advises that it would seek additional legal guidance as to what criteria it can develop for individuals 71 or older for MAB referrals without violating any individual's civil rights.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of Administrative Hearings, Maryland Department of Transportation, Insurance Institute for Highway Safety, Centers for Disease Control and Prevention, Insurance Information Institute, Department of Legislative Services

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nas/ljm

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