

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 1069

(Delegate Weir, *et al.*)

Environmental Matters

Vehicle Laws - Driver Improvement Programs - Deduction of Accumulated Points

This bill requires the Motor Vehicle Administration (MVA) to include in its letter sent to a driver who accumulates three points, a notice of the driver's right to have two points deducted from the driver's record following participation in a driver improvement or safety program. The bill requires a driver attending a driver improvement program to pay an additional \$5 fee, which must be remitted to MVA. No more than two points may be deducted in any two-year period for participation in a driver improvement program under the bill, and MVA must apply the deduction to the earliest convictions for which points were assessed.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures may increase by about \$86,700 in FY 2011, which accounts for the bill's October 1, 2010 effective date, and by more than \$108,000 beginning in FY 2012 for additional MVA personnel costs. TTF revenues increase due to the additional fee authorized under the bill, potentially by \$500,000 or more annually, but are partially or fully offset by collection of fewer license renewal and reinstatement fees by MVA.

Local Effect: None.

Small Business Effect: Minimal beneficial impact on small business driver improvement service providers due to an increase in business opportunities.

Analysis

Current Law: After the conviction of an individual for a violation of the vehicle laws or regulations of the State or any local authority, points are to be assessed against the individual as of the date of the violation in accordance with the points system established by MVA. A point assessed against an individual must be retained on the individual's driving record for two years.

MVA is required to send a warning letter to an individual who accumulates three points. Upon accumulation of five points, an individual is required to attend a driver improvement program. MVA is required to suspend the license of an individual who has accumulated 8 points and to revoke the license of an individual who has accumulated 12 points.

Expungement refers to the removal of all points and violations from a person's public driving record, but the Maryland Vehicle Law does not currently provide for the removal of individual points. A person's public driving record is automatically expunged after three years unless the individual (1) has been convicted of a moving violation; (2) has been convicted, or granted probation before judgment, for certain criminal offenses; or (3) has had his or her driver's license suspended or revoked. A person may also request the manual expungement of his or her public driving record. This request may be refused by MVA under certain circumstances.

Background: Several other states including Virginia, Delaware, and New Jersey administer similar driver improvement or defensive driving programs that allow for a deduction of accumulated points assessed against a driver's license.

MVA advises that 204,992 individuals have two or more points on their driving record.

State Fiscal Effect: TTF expenditures may increase by about \$86,737 in fiscal 2011, which accounts for the bill's October 1, 2010 effective date, and by more than \$108,032 beginning in fiscal 2012. This estimate reflects the cost of hiring two additional customer agents to process the point deductions authorized by the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- 75% of drivers with at least two points (153,744) on their license are notified of the opportunity to have two points deducted from their driving record, either through the warning letter sent to drivers who accumulate three points, or through other MVA contact with drivers who accumulate additional points;

- 50% of drivers made aware of the opportunity to have two points deducted from their driving record (76,872) participate in a driver improvement program and would not have done so otherwise; and
- each customer agent can process about 42,000 transactions per year.

	<u>FY 2011</u>	<u>FY 2012</u>
New Positions	2	
Salaries and Fringe Benefits	\$78,772	\$107,002
One-time Start-up Costs	7,200	0
Operating Expenses	<u>765</u>	<u>1,030</u>
Total FY 2011 State Expenditures	\$86,737	\$108,032

Future year expenditures reflect full salaries with 4.4% annual increases, 3% employee turnover, and 1% annual increases in ongoing operating expenses. The estimate does not include the cost to revise the letters sent to drivers with three points on their record as this is estimated to be absorbable within existing resources.

The bill requires that an additional \$5 fee be paid by attendees of an MVA driver improvement program. According to MVA, there were 35,054 participants in a driver improvement program in fiscal 2009. Thus, TTF revenues may increase by about \$175,270 if the same number of persons participates in driver improvement programs annually. Legislative Services estimates that revenues from the new fee established by the bill increase by an additional \$384,360 annually due to voluntary participation in driver improvement programs in order to qualify for the deduction of two points under the bill. Therefore, revenues associated with the new fee may increase by a total of \$559,630 in fiscal 2012 and subsequent years and by \$419,720 in fiscal 2011, given the bill's October 1 effective date. However, this revenue increase may be partially or fully offset by fewer license renewal and reinstatement fees collected by MVA from licensees who would have had their license suspended or revoked if not for the deducted points. For example, this revenue increase is fully offset if the number of suspensions and revocations declines by 7,500 each (or about 7% of drivers with points on their driving record) as fewer drivers accumulate the level of points necessary for a suspension or revocation of their license. It is unknown whether actual suspensions and revocations will decline by this amount, as data on the number of individuals with two, three, and four points on their record is unavailable at this time.

Legislative Services advises that the net effect of the bill on TTF finances may be minimal. The increase in personnel-related expenditures and decrease in license-related fees are likely to be offset by the increase in revenues from the fee authorized in the bill. Without additional data from MVA, it is difficult to determine whether the net fiscal effect is positive or negative, but it is not anticipated to be significant.

Additional Comments: The number of drivers who participate in a driver improvement program under the bill depends in part on how MVA chooses to implement the bill. The bill requires MVA to send notice of a driver's right to have points deducted following participation in a driver improvement program in the current letter sent to drivers who accumulate three points on their record. However, drivers eligible for point deductions under the bill include those who accumulate two, three, or four points. Thus, outreach to those with only two points on their record may result in substantially greater participation; many violations of the Maryland Vehicle Law involve the assessment of two points.

Additional Information

Prior Introductions: None.

Cross File: SB 525 (Senator Haines) - Judicial Proceedings.

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

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