

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 124

(Chair, Judicial Proceedings Committee)(By Request -
Departmental - Transportation)

Judicial Proceedings

Motor Vehicles - Eligibility for Driver's License Test

This departmental bill reduces the period of time, from nine months to six months, during which a learner's instructional permit holder age 25 or older must wait before taking a driver's skills or road examination necessary to obtain a provisional driver's license. This waiting period is not reduced if the learner's permit holder has been convicted of, or granted probation before judgment for, a moving violation. The learner's permit holder must complete at least 30 hours of classroom instruction and at least 6 hours of highway instruction as well as a specified amount of supervised driving practice within the six months. For drivers of all ages, the bill also requires additional supervised driving practice and a waiting period for those who do not pass a skills or road examination on their first or second attempt and additional training with a certified driving instructor following each subsequent failure of an exam. Finally, the bill clarifies the authority of the Motor Vehicle Administration (MVA) to renew a license without requiring a driving test if the applicant held a valid driving privilege within the previous year.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF), general fund, and special fund revenues increase due to the collection of various additional MVA fees as a result of more adults obtaining driver's licenses under the bill's less stringent requirements than would otherwise occur. TTF expenditures increase in FY 2013 for reprinting of MVA forms and brochures. MVA workloads may increase minimally as additional learner's permit holders receive driver's licenses, but may be partially offset by the extent that fewer driver skills or road examinations are failed and retaken.

Local Effect: Local highway user revenues increase from the distribution of additional vehicle-related fees into the Gasoline and Motor Vehicle Revenue Account. Expenditures are not affected.

Small Business Effect: The Maryland Department of Transportation (MDOT) has determined that this bill has a minimal impact on small business (attached). Legislative Services disagrees with this assessment as discussed below.

Analysis

Current Law: The holder of a learner's instructional permit is prohibited from taking a driver skills or road examination for a provisional license within nine months from the date of issuance of the learner's permit or from the date of conviction, or the granting of probation before judgment, for a moving violation. A learner's permit holder must also successfully complete an approved driver education program consisting of at least 30 hours of classroom instruction and at least 6 hours of highway driving instruction, as well as at least 60 hours of driving practice (including 10 hours of nighttime driving) by a licensed driver who is 21 or older and has been licensed for three years. There is no current waiting period or other consequence for failing a driver skills or road examination.

MVA may renew a license within one year after the expiration date without requiring a driving test.

Background: Chapter 483 of 1998 established the provisional driver's licensing system, which became effective on July 1, 1999. According to the National Conference of State Legislatures, all 50 states have now enacted some form of a graduated driver's license process, which includes a three-stage licensing system consisting of a learner's permit, an intermediate or provisional license, and a permanent license.

Chapter 453 of 2005 lengthened, from four months to six months, the waiting period before the holder of a learner's permit can take the driver skills and road examinations. Chapters 184 and 185 of 2009 lengthened this waiting period again from six months to nine months. Neither Act made a distinction between minor and adult learner's permit holders.

A 2003 report from the Abell Foundation found that, at the time, Maryland was the most expensive state for those seeking to obtain a driver's license, among the most restrictive states for obtaining a driver's license, and there were significant barriers to obtaining a driver's license for low-income individuals. In addition, the report found that Maryland

was the only state to require adult applicants for a driver's license to attend a private driver's school.

In response to a request made by the General Assembly during the 2011 legislative session, MVA studied the impact of subjecting adults to the graduated driver's license process. MVA advises that the bill maintains the integrity of Maryland's graduated driver's license while making exceptions for drivers at least 25 years of age in acknowledgment of the additional difficulties they face in becoming licensed and also their need for the ability to drive. MVA advises that the age of 25 was selected for safety reasons, which reflects actuarial data used by automobile insurance companies.

MVA further advises that requiring additional training for individuals who fail multiple driver skills or road examinations has public safety and operational efficiency benefits. According to MVA, over 33,000 applicants have failed the driving skills test more than once, and in fiscal 2011, nearly half of all driving skills tests resulted in failure. The bill is intended to encourage individuals to work harder to pass the examination within the first two attempts and to require individuals who fail more than twice to seek additional assistance.

Finally, MVA advises that clarifying its authority to renew a license without requiring a driving test if the applicant held a valid driving privilege within the previous year is only a technical change and one that conforms to current practice.

State Revenues: TTF, general fund, and special fund revenues increase, potentially significantly, due to the collection of various fees as more individuals apply for learner's instructional permits, become eligible for provisional and full driver's licenses following completion of driver education programs, and purchase and maintain registered vehicles. The extent of the revenue increase is likely to be greatest in fiscal 2013 and 2014 as a large number of current adults without learner's instructional permits or driver's licenses attempt to obtain one after the passage of the bill, and due to the immediate qualification of a small number of adult learner's instructional permit holders whose waiting period to obtain a license has already exceeded six months.

Legislative Services advises that a reliable estimate of the increased collection of various vehicle-related fees by MVA cannot be made at this time due to numerous uncertainties. For example, although roughly 30,000 adult learner's instructional permit applicants did not complete a driver education program in fiscal 2010, it is unknown how many individuals did not do so because the driver education program was too onerous, as compared to other reasons. Further, it is unknown which vehicle-related fees will be paid by the additional individuals who complete a driver education program under the bill but who would not otherwise do so. However, *for illustrative purposes only*, if 1,000 additional adult learner's instructional permit holders complete a driver education

program under the bill, and the average new driver's license holder pays an average of \$200 annually in vehicle-related fees, then TTF, general fund, and special fund revenues increase by \$200,000 on an annual basis.

State Expenditures: TTF expenditures may increase, likely by less than \$100,000, in fiscal 2013 for MVA to revise and reprint various materials to reflect the bill's changes. Forms, brochures, handbooks, and driver education materials will need to be updated to reflect the bill's changes. Reprogramming work may also need to be undertaken, but it is assumed that this can be handled with existing budgeted resources.

Small Business Effect: The small business impact statement submitted by MDOT estimates that the bill will have no impact on small businesses. Legislative Services disagrees with this assessment and advises that numerous provisions of the bill can be expected to result in a potentially meaningful benefit to small business driving schools. The bill will likely result in an increase in the number of adults participating in driver education in order to obtain driver's licenses under the bill's less burdensome requirements. Additionally, the bill requires additional training for individuals of any age who do not pass a drivers skills or road examination by their second attempt. While this additional demand for driver education services may be distributed across many schools statewide, it may result in a meaningful increase in business for at least some small businesses.

Additional Information

Prior Introductions: SB 361 of 2011, a bill with similar provisions, passed the Senate and was referred to an interim study by House Environmental Matters Committee. Its cross file, HB 1185, received an unfavorable report from the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Maryland Department of Transportation, Abell Foundation, National Conference of State Legislatures, Department of Legislative Services

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mlm/ljm

Analysis by: Evan M. Isaacson

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

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Motor Vehicles–Eligibility for Driver’s License Test

BILL NUMBER: SB 124

PREPARED BY: Maryland Department of Transportation

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.