

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/CS/SB 1276

SPONSOR: Comprehensive Planning, Local and Military Affairs Committee; Transportation Committee and Senator Lee

SUBJECT: Drivers' Licenses/Co. Tax Collectors

DATE: April 20, 2001 REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|---------|----------------|-----------|--------------|
| 1. | Vickers | Meyer | TR | Favorable/CS |
| 2. | Cooper | Yeatman | CA | Favorable/CS |
| 3. | Keating | Johansen | FT | Favorable |
| 4. | | | AGG | |
| 5. | | | AP | |
| 6. | | | | |

I. Summary:

This CS provides county tax collectors may be designated the exclusive agent of the Department of Highway Safety and Motor Vehicles (DHSMV) for the local administration of driver license services. The CS establishes an application process for tax collectors to apply to DHSMV to serve as the exclusive agent. The CS provides that the administration of driver license services by the tax collector as the exclusive agent of DHSMV must be revenue neutral with no adverse state fiscal impact and with no adverse unfunded mandate to the tax collector.

This CS provides for the creation of a Cost Determination and Allocation Task Force to determine and recommend the allocation of costs between the department and tax collectors for the administration of driver license services. The CS also provides for the development of transition plans to facilitate, where applicable, the orderly transfer of service responsibilities to the tax collector.

This CS substantially amends sections 322.02 and 322.135 of the Florida Statutes.

II. Present Situation:

Driver's License Services – Department of Highway Safety and Motor Vehicles

The Division of Driver Licenses is responsible for licensing qualified drivers, controlling and improving problem drivers, ensuring drivers are financially responsible for their actions, and maintaining records for driver evaluation. The division's nine bureaus are organized into three functional areas: licensing services, educational services, and financial responsibility. Licensing services are administered by the following seven bureaus: North Field Operations, Central Field

Operations, South Field Operations, Customer Service, Records, Driver Improvement, and Administrative Review.

Licensing services are responsible for the following activities:

- Issuing driver licenses, including the administration of knowledge (written) and skills (road) tests, and identification cards;
- Administering the Commercial Driver License, Organ Donor, and Motor Voter programs;
- Identifying and controlling problem drivers by revoking, canceling, or suspending driving privileges;
- Assisting customers by resolving questions pertaining to driver licenses, financial responsibility, suspensions and reinstatements; and
- Maintaining driver records and conducting administrative hearings involving hardship license reinstatements, suspension, medical competency, and financial responsibility.

During fiscal year 2000-2001, the Division of Driver Licenses was appropriated \$74,137,394 and authorized 1,471 full-time positions. The division currently operates 119 field offices distributed throughout the state. Almost 1,000 of the division's positions are assigned to field operations.

Driver's License Services – County Tax Collectors

Section 322.135, F.S., authorizes county tax collectors to provide driver license services as agents of DHSMV. Currently, 22 tax collectors are providing driver license services at 31 locations. Services available through the tax collectors include new licenses, renewals, duplicates, learner's permits, and identification cards. In addition, tax collectors are authorized to provide commercial driver license (CDL) services. However, a number of the participating tax collectors have opted not to administer the skills (road) test. A service fee of \$5.25 is charged for driver license services obtained through a tax collector office. One dollar of this service fee is deposited into the Highway Safety Operating Trust Fund and the tax collector retains the remaining \$4.25.

Since the 1933, local tax collectors have served as state agents for the issuance of motor vehicle titles and registrations. Currently, there are approximately 270 tax collector offices and their agents who perform statewide motor vehicle registration and title services as agents of the department.

III. Effect of Proposed Changes:

Sections 1 and 2 amend s. 322.02 and 322.135, F.S., respectively, to provide that county tax collectors may be designated the exclusive agent of the Department of Highway Safety and Motor Vehicles (DHSMV) for the local administration of driver license services. The county tax collector at his or her option may apply to DHSMV for approval by the Executive Director to be the exclusive agent of DHSMV for his or her county to administer driver license services. The application must include the following information:

- Location of the general region or regions of the county where office(s) and branch offices from which driver license services are proposed to be performed;
- The designation by the tax collector of the driver license functions to be performed by the tax collector in the designated regions of the county;
- Any anticipated capital acquisition or construction costs;
- A projection of equipment available or to be provided by the department; and
- All anticipated operating costs including facilities, equipment, and personnel to assume responsibility for administering driver license services.

The CS provides that administration of driver license services by the tax collector as the exclusive agent of DHSMV must be revenue neutral with no adverse state fiscal impact and with no adverse unfunded mandate to the tax collector.

The CS also provides for the creation of a Cost Determination and Allocation Task Force. The task force is to be composed of two representatives appointed by the Executive Director of DHSMV, two tax collectors appointed by the President of The Florida Tax Collectors, Inc., one person appointed by the Speaker of the House of Representatives, one person appointed by the President of the Senate, and a Governor's appointee. The Auditor General must provide technical assistance to the task force. The task force is to prepare a written report no later than January 1, 2002, which addresses construction and operating costs of DHSMV and the applicable tax collectors, appropriate allocations of costs between DHSMV and the tax collectors, and fee recommendations to assure that the fees paid for these driver license services do not result in a loss of revenue to the state in excess of costs incurred by the state. The report shall be issued to the Senate President, Speaker of the House of Representatives and the Executive Office of the Governor. The task force is abolished on January 1, 2002.

The CS provides that upon approval by DHSMV for a tax collector to provide exclusive driver license services in a county, DHSMV and the applicable tax collector must develop a transition plan for the orderly transfer of service responsibilities to the tax collector. This plan must include the following information:

- The specifics of any possible use of any state-owned or leased facilities giving consideration to lease expiration date, cancellations provisions, and possibilities for sub-lease of such facilities;
- Considering staffing needs of tax collector, either the assumption by the tax collector or DHSMV relocation of employees adversely affected; and
- The execution of a standard agreement between DHSMV and the tax collector for providing driver license services.

Finally, the CS provides a county tax collector serving as the exclusive agent of DHSMV must be paid fees for driver license services.

Section 3 provides that the act will take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The Allocation Task Force must submit a written report no later than January 1, 2002, to the Senate President, Speaker of the House of Representatives and the Executive Office of the Governor. The report shall contain findings and determinations and related allocation recommendations dealing with costs and fee recommendations to assure that the fees paid for the driver's license services do not result in a loss of revenue to the state in excess of costs incurred by the state. Driver license fees could increase as a result of the recommendations of the Task Force and subsequent Legislative action.

B. Private Sector Impact:

Indeterminate.

C. Government Sector Impact:

The fiscal impact of the CS on the department and local tax collectors is indeterminate. However, to the extent that county tax collectors assume greater responsibility for the delivery of driver license services, and the current distribution of related fees and costs is revised, the CS could have a significant fiscal impact.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The department reported that during fiscal year 1998-1999 total revenues for driver license service activities, excluding record sales and service fees, totaled \$73.8 million. Of this amount, \$62.8 million was deposited into the General Revenue Fund and \$11 million was deposited into the Highway Safety Operating Trust Fund.

In addition, the department receives approximately \$23.8 million annually for deposit into the Highway Safety Operating Trust Fund from the sale of driving records and lists. This revenue is used to support all programs within the department.

A 2000 OPPAGA survey of tax collectors revealed a number of reasons why many tax collectors have elected not to offer driver license services. Insufficient office space and staff were the most frequently cited reasons. A number of tax collectors reported that an existing state driver license office is too close to the tax collector's office to provide a substantial increase in customer service. Some respondents said the \$4.25 fee retained by tax collectors is insufficient given the work required, and several stated this additional service fee is unfair to citizens.

VIII. Amendments:

None.