

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1877 – SB 1798

May 19, 2011

SUMMARY OF AMENDMENTS (00814971, 00833134): Adds language to the original bill that authorizes a person, whose driver license has been revoked for not paying litigation taxes, court costs, and fines, to enter into a payment plan in order to have the driver license reinstated. Authorizes revocation of a driver license if payments are not made for three consecutive months. Prohibits this bill as amended from applying to motor vehicle sales licenses.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – \$6,141,900
Increase State Expenditures – \$984,500

Increase Local Revenue – \$6,473,500

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Revenue – \$11,792,600/Recurring
Increase State Expenditures – \$170,700/One-Time
\$1,349,100/Recurring

Increase Local Revenue – \$10,493,300/Recurring

Assumptions applied to amendments:

- According to the Department of Safety (DOS), in 2009 there were 328,000 persons who committed a criminal offense that this bill would apply. Of this number, an estimated 75 percent do not pay fines (246,000); of the 246,000, 25 percent (61,500) will reinstate by paying a \$65 reinstatement fee plus show proof of fines paid. An additional 25 percent will reinstate under the payment plan for a total of 123,000 reinstatements; of the 123,000, 75 percent (92,250) will apply for a valid driver license.
- An increase in state revenue from reinstatement fees of \$7,995,000 (\$65 x 123,000). An increase in state revenue from driver license fees of \$1,798,875 (\$19.50 x 92,250).
- The Davidson County Criminal Court Clerk estimates that 25 percent of those reinstating (30,750) would not have paid fines in the absence of this bill. Approximately 25 percent of the 30,750 (7,688) will default on the payment plan and only pay 25 percent of fines.

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- Approximately 23,062 additional persons paying 100 percent of fines; an additional 7,688 paying 25 percent of fines.
- Average litigation taxes, court costs, and fines totaling \$500. Approximately 16 percent will be remitted to the state. An increase in state revenue of \$1,998,720 [(23,062 x \$500 x 16%) + (7,688 x 25% x \$500 x 16%)].
- A total increase in state revenue of \$11,792,595 (\$7,995,000 + \$1,798,875 + \$1,998,720).
- An increase in local revenue of \$10,493,280 [(23,062 x \$500 x 84%) + (7,688 x 25% x \$500 x 84%)].
- DOS will require eight additional Safety Examiner 2 positions to handle phone calls and assist drivers who receive a suspension notice. An increase in recurring state expenditures of \$286,844 (\$171,648 salary + \$83,463 benefits + \$31,733 operational).
- An additional 13 Safety Examiner 1 positions to process mail and update records. An increase in recurring state expenditures of \$435,888 (\$257,088 salary + \$130,700 benefits + \$48,100 operational).
- An additional 12 Driver License Examiners to issue driver licenses and assist walk-in reinstatements. An increase in recurring state expenditures of \$451,620 (\$257,760 salary + \$125,260 benefits + \$68,600 operational).
- An additional two Administrative Assistants to type responses and assist safety examiners. An increase in recurring state expenditures of \$71,391 (\$42,912 salary + \$20,839 benefits + \$7,640 operational).
- A recurring increase in state expenditures of \$103,320 for postage on 246,000 suspension notices at \$0.42 per notice.
- An increase in one-time state expenditures of \$170,700 for computers and office supplies.
- A total increase in recurring state expenditures of \$1,349,063 (\$286,844 + \$435,888 + \$451,620 + \$71,391 + \$103,320).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/jaw