

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1396 – SB 1789

March 11, 2014

**SUMMARY OF ORIGINAL BILL:** Creates a restricted license for individuals who are not in compliance with child support obligations authorizing the limited operation of a motor vehicle to and from a person's regular place of employment. Establishes an administrative hearing procedure within the Department of Human Services (DHS) to determine eligibility for the restricted license. Eligibility requirements for the restricted license include the obligor is employed for at least 30 hours per week, lives more than one mile from his or her place of employment, and the employment is reasonably expected to contribute to bringing the obligor into compliance with the support order. Eligibility for the restricted license is effective for a term of six months and the obligor must prove eligibility for the restricted license at an administrative hearing every six months until meeting compliance with the support order.

Requires DHS to certify in writing or by electronic data exchange to the Department of Safety (DOS) that an obligor is not compliant with an order of support but is eligible for a restricted license if such a decision is issued after a hearing.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$114,600/Recurring

Increase State Expenditures – \$45,900/One-Time  
\$1,005,300/Recurring

Increase Federal Expenditures - \$67,300/One-Time  
\$1,806,700/Recurring

**SUMMARY OF AMENDMENT (013836):** Deletes all language after the enacting clause. Creates a restricted license for individuals who are not in compliance with child support obligations authorizing the limited operation of a motor vehicle to and from a person's regular place of employment and the person's school. Requires the Department of Human Services (DHS) to certify in writing or by electronic data exchange to the Department of Safety and Homeland Security (DOSHS) that an obligor is not compliant with an order of support but is eligible for a restricted license if the obligor has met certain eligibility requirements. Requires the DOSHS to notify an obligor that the obligor's current license has been revoked due to noncompliance with an order of support but that the obligor may be eligible for a restricted license.

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Eligibility requirements for the restricted license include the obligor is employed for at least 30 hours per week, lives more than one mile from his or her place of employment or school, shows that the employment or educational endeavor is reasonably expected to contribute to bringing the obligor into compliance with the support order in a timely manner, and enters into a payment plan that is satisfactory to DHS. Requires DHS to charge a restricted license fee of \$30 or less with all proceeds covering the cost of implementation of the restricted licensure program. Requires the department to annually review the fees collected and the costs of implementation to determine any necessary increase or reduction in the fee. The provisions of the bill are effective July 1, 2015.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue - \$179,600/FY15-16**  
**Exceeds \$105,600/FY16-17 and Subsequent Years**

**Increase State Expenditures - \$60,900/FY15-16**  
**\$35,900/FY16-17 and Subsequent Years**

**Increase Federal Expenditures - \$118,200/FY15-16**  
**\$69,700/FY16-17 and Subsequent Years**

Assumptions for the bill as amended:

- Effective date is July 1, 2015; therefore any expenditures incurred will begin in FY15-16.
- According to DHS, there were approximately 49,827 notices mailed in FY12-13 for noncompliance with child support orders. Of the notices mailed, 27,021 were individuals who were able to enter into payment arrangements or good cause was granted and 22,806 were revocations of driver licenses issued due to failure to pay child support. According to DHS, the appeals rate will be high for individuals to apply for a restricted license. Approximately 54 percent (27,021 / 49,827) of noncompliant obligors are able to appeal and not have a driver's license revoked.
- The department assumes 75 percent of the current revoked licensees will try to show proof of eligibility for obtaining a restricted license. Applied to the revocations in FY12-13, that would be approximately 17,105 potential licensees (22,806 x .75).
- According to DHS, there is no way to estimate how many licensees will meet the eligibility standards. For the purpose of this analysis and due to the ease in qualifying for a restricted license, it is assumed that at least 35 percent of the licensees, or 5,987 (17,105 x 35.0%), will meet the eligibility criteria and will be issued a restricted license.
- DHS will hire two administrative services assistant positions to handle the additional administrative workload resulting in an increase in recurring expenditures of \$105,600

[2 positions x (\$50,500 salary and benefits + \$600 telephone + \$300 supplies + \$1,400 LAN/WAN)] and one-time computer equipment costs of \$2,000 (\$1,000 x 2).

- Currently, DHS electronically notifies DOSHS to suspend or revoke driver licenses for failure to pay child support. The TCSES (child support) computer system will need modifications to include the restricted license criteria. It is estimated that the one-time expenditures will \$71,452 for these modifications [(1,512 hours revocation changes x \$39.48 per hour) + (504 hours performance matrix, test document plan and data set-up x \$23.33 per hour)].
- Under the current child support enforcement grant, approximately 66 percent of the Child Support Program is federally funded; therefore, the increase in expenses in FY15-16 will be \$60,878 in state funds [(\$105,600 + \$2,000 + \$71,452) x 34.0%] and \$118,174 will be federal funds [(\$105,600 + \$2,000 + \$71,452) x 66.0%].
- The increase in expenditures in FY16-17 and subsequent years will be \$35,904 in state funds (\$105,600 x 34.0%) and \$69,696 in federal funds (\$105,600 x 66.0%).
- DHS will charge a fee of \$30 to cover the cost of implementing the program resulting in an increase in revenue of \$179,610 (\$30 x 5,987) beginning in FY15-16.
- The bill as amended requires DHS to annually review the costs and fee collection of the program and adjust it accordingly. It is unknown when an adjustment to the fee will occur or to what extent the fee will be adjusted; however, it is assumed that any adjustment to the fee in the future will be in an amount to cover all costs of the program. Given the estimated recurring increase in expenditures of \$105,600 beginning in FY16-17, the recurring increase in revenue from the adjusted fee is reasonably estimated to exceed \$105,600 beginning in FY16-17.
- According to DOSHS, the department is currently in a redesign of their current driver license computer system. The new computer system will be completed by July 1, 2015 (effective date of the legislation).
- According to DOSHS, after the department receives the certification from DHS identifying the obligor as noncompliant and subject to a revocation, suspension, or restriction, the department will mark the status in the system that will alert law enforcement of the restriction. The obligor will keep his or her existing license card. No additional fee will be charged to the obligor for the restricted license by the DOSHS.

## **CERTIFICATION:**

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



Lucian D. Geise, Executive Director

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