

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2017 - SB 1954

March 14, 2016

SUMMARY OF BILL: Requires driver license revocation if a licensee has paid no portion of delinquent litigation taxes, court costs, and fines imposed as a result of a criminal offense. Authorizes reinstatement of any revoked license if the person commences repayment of the delinquent litigation taxes, court costs, and fines. Deletes the authorization to apply for a hardship exception authorized by the court of original jurisdiction and the authorization to enter into a payment plan for repayment of delinquent litigation taxes, court costs, and fines imposed as a result of a criminal offense.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Exceeds \$89,400/General Fund
Decrease State Revenue – \$126,800/Department of Safety

Decrease State Expenditures - \$126,800/Department of Safety

Increase Local Revenue – Exceeds \$38,300

Assumptions:

- Currently, pursuant to Tenn. Code Ann. § 40-24-105(b), a person's driver license is revoked if the licensee has not paid all litigation taxes, court costs, and fines assessed. A licensee may petition the court to allow the person to institute a payment plan to retain their license.
- Only requiring a license revocation if no portion of litigation taxes, court costs, and fines are paid will result in fewer revoked licenses relative to current law. The reduction in suspended licenses is unknown, but can reasonably be estimated to exceed 50 percent annually.
- Based on information provided by the Department of Safety (DOS), 55,000 people have their license revoked for failure to pay fines, costs, and litigation taxes. An estimated 3,900 people pay 100 percent of their fines, costs, and litigation taxes each year and pay the \$65 reinstatement fee to reinstate a driver's license pursuant to Tenn. Code Ann. § 40-24-105.
- It is estimated that half of those having their license reinstated would not have had their license revoked under the provisions of the bill. Approximately 1,950 (3,900 x 50.0%)

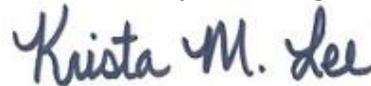
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people will not have their license revoked, resulting in a recurring decrease in state revenue to the Driver Services Division of DOS estimated to be \$126,750 ($\$65 \times 1,950$).

- The provisions of the bill will result in additional individuals paying some unknown portion of assessed fines and fees to prevent their license from being revoked. It is reasonably estimated that at least 25 percent, or 12,775 [$(55,000 - 3,900) \times 25\%$] will pay a minimum of \$10 to keep their license in good standing.
- The net recurring increase in revenue is estimated to exceed \$127,750 ($12,775 \times \10).
- Local governments receive five percent of traffic citation revenue as commission under current law; and the state receives the remaining 95 percent. This bill is anticipated to result in additional litigation tax revenue and additional court cost revenue as well, which is considered local government revenue. Given this, it is reasonable to assume that approximately 30 percent of the new revenue collected will be allocated to local government and 70 percent will be allocated to the state.
- The recurring increase in local revenue is estimated to be \$38,325 ($\$127,750 \times 30.0\%$); and the recurring increase in state revenue to the General Fund is estimated to be \$89,425 ($\$127,750 \times 70.0\%$).
- It is assumed the Driver Services Division will reduce expenditures due to reduced revenue and a reduced processing volume. It is reasonably assumed Driver Services Division will decrease recurring expenditures by a like amount estimated to be \$126,800.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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