

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

SB 1995 - HB 2061

March 9, 2020

SUMMARY OF ORIGINAL BILL: Requires the Department of Safety (DOS) to distribute to contracting entities \$6.00 per driver license issued to be used by the entity for administrative costs.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures -
\$1,315,100/FY20-21 and Subsequent Years/Driver Services

Increase Local Revenue - \$1,288,200/FY20-21 and Subsequent Years

SUMMARY OF AMENDMENT (016595): Deletes all language after the enacting clause. Authorizes contracting entities to charge an additional \$1.00 fee per driver license issued, if DOS is notified. Requires DOS to distribute to contracting entities \$3.00 per each REAL ID compliant driver license issued to be used by the entity for administrative costs until June 30, 2021.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On March 9, 2020, a fiscal memorandum was issued with the following fiscal estimate:

Increase State Expenditures - \$85,500/FY20-21/Driver Services

*Increase Local Revenue - \$298,400/FY20-21/Permissive
\$214,700/FY21-22 and Subsequent Years/Permissive*

Based on clarification by the Department of Safety and further analysis, it was determined this analysis was in error. The updated analysis is:

CORRECTED

Increase State Expenditures - \$465,600/FY20-21/Driver Services

**Increase Local Revenue - \$465,600/FY20-21
\$214,700/FY20-21 and Subsequent Years/Permissive**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 55-50-331(a), DOS is authorized to contract for the provision of any service related to the issuance, examination and renewal of driver licenses subject to applicable contracting statutes and regulations.
- Currently, these contracting entities consist of forty-five county clerk offices, three cities or towns, and one AAA Auto Club.
- In 2018, DOS contracted entities processed 16.52 percent (or 219,176) of the eligible transactions of driver license duplicates and renewals.
- It is expected that figure will remain relatively consistent.
- Assuming all contracting entities process an equal total of licenses, each entity issues 4,473 licenses (219,176 licenses / 49 contracting entities) each fiscal year.
- All but one contracting entity is a local government.
- It is assumed that all contracting entities will choose to charge the additional \$1.00 fee.
- The recurring permissive increase in local revenue in FY20-21 and subsequent years is \$214,704 [(\$1 x 4,473) x 48].
- According to information provided by DOS, 77,595 driver licenses issued by contracting entities are REAL ID compliant since September 2019. It is estimated this equates to 155,190 [(77,595/6 months) x 12 months] REAL IDs annually. According to the DOS, this number will remain consistent.
- The one-time increase in state expenditures to Driver Services in FY20-21 is estimated to be \$465,570 (155,190 x \$3). There will also be a corresponding increase in local revenue of the same amount in FY20-21.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/jmg