

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1995 - HB 2061

March 4, 2020

SUMMARY OF 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.

ESTIMATED FISCAL IMPACT:

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

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

Assumptions:

- 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.
- The recurring increase in state expenditures to Driver Services in FY20-21 and subsequent years is estimated to be \$1,315,056 ($\$6 \times 219,176$).
- Assuming all contracting entities process an equal total of licenses, each entity issues 4,473 licenses ($219,176 \text{ licenses} / 49 \text{ contracting entities}$) each fiscal year.
- All but one contracting entity is a local government.
- The recurring increase in local revenue in FY20-21 and subsequent years is \$1,288,224 [$(\$6 \times 4,473) \times 48$].
- Any impacts to local government are considered permissive due to a local entity's decision to contract with DOS to provide such services.

CERTIFICATION:

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jmg