

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6333**  
**BILL NUMBER: SB 45**

**DATE PREPARED:** Nov 15, 1998  
**BILL AMENDED:**

**SUBJECT:** License branch operations.

**FISCAL ANALYST:** James Sperlik  
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**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill: (1) removes managers and employees of a license branch of the Bureau of Motor Vehicles from membership in the Public Employees' Retirement Fund (PERF); (2) removes a license branch staffed by employees of the Bureau of Motor Vehicles Commission from the definition of public agency for access to public agency records; (3) requires the Bureau of Motor Vehicles Commission to contract for the operation of all full service license branches and for the provision of partial service branches.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** Part (1) When the Bureau of Motor Vehicles Commission (BMVC) was created, a separate retirement fund also was established for the BMVC employees. This part of the proposal should have no fiscal impact since there should not be any BMVC employees who are members of PERF.

Part (2) This part will have an indeterminable impact on the operation of the license branches.

Part (3) The specific fiscal impact will depend upon the structure of the contracts for full-service branch operations. Currently the BMV has about 170 license branches throughout the state, most of which are full-service branches. In its budget 1997-99 Biennial Budget presentation to the State Budget Committee, the BMV/BMVC had as one of its 1997-99 biennium projects contracted branch services. In the same presentation, the BMV/BMVC also planed a reduction of 150 BMVC employees through attrition due to automation enhancements, along with a four percent increase in revenues and a 15% decrease in expenditures. Since the inception of the BMVC operations in fiscal year 1987, expenditures for the license branches have exceeded revenue. The operational loss is made-up by annual transfers from the **Motor Vehicle Highway Account** to the State **License Branch Fund** which supports the branch operations. As of June 30, 1998, about **\$45.8 million** has been transferred from the **Motor Vehicle Highway Account** to the

BMVC. At this juncture it is unclear if contracting for the operation of full-service license branches and the provision for partial service branches will add to the operational losses of the branches, or if it will have a positive impact on branch operations.

**Explanation of State Revenues:** The BMVC finances license branch operations through revenues from various service charges for the issuance of driver's licenses, titles, and registrations. These revenues are deposited into the **State License Branch Fund**. As stated above, expenditures have exceeded revenues by about **\$45.8 million**. In the **1997-99 Biennial Budget**, the Crossroads 2000 Program was created. This program authorized the increase of various motor vehicle fees, dedicating a portion to fund the bond program for highways, while a portion of the fee increase will go the BMVC to cover the operational costs. The revenue dedicated to the BMVC is estimated at approximately \$13.1 million per year. The increased fees became effective January 1, 1998. Actual revenue from the fee increase for the period January, 1998, through June, 1998, amounted to \$6.9 million.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Bureau of Motor Vehicles; Bureau of Motor Vehicles Commission.

**Local Agencies Affected:**

**Information Sources:** BMV/BMVC budget documents; 1994 Program Evaluation of the BMV/BMVC; Branch Count report, 7/1/98.