

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

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6484
BILL NUMBER: SB 101

NOTE PREPARED: Jan 18, 2011
BILL AMENDED:

SUBJECT: Driver Education Issues.

FIRST AUTHOR: Sen. Holdman
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill authorizes the Bureau of Motor Vehicles (BMV) to issue a learner's permit to a person at least 15 years of age under certain conditions. (Current law authorizes the BMV to issue a learner's permit to a person at least 15 years and 180 days of age.)

The bill also provides that, effective July 1, 2011, an individual who has not passed an approved driver education course must: (1) be at least 17 years and 180 days of age; and (2) have held a valid learner's permit for at least 180 days in order to receive an operator's license.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill will result in a redistribution of workload for local BMV branches to process an influx of approximately 22,374 requests for learner permits during the latter part of FY 2011 and early portion of FY 2012. Additionally, the BMV will experience a decrease in workload for the first nine months of FY 2012 to process approximately 9,785 fewer requests for driver's licenses. Changes in workload should be able to be processed with currently existing staff at local BMV branches.

This estimate assumes (1) this provision will take effect prior to the end of FY 2011 and (2) that all individuals who are not yet 15 years and 6 months of age but over 15 years of age (and would otherwise have requested a learner permit at age 15 years and 6 months) will immediately request a learner permit upon passage of the bill.

The estimated timing changes in the requests for permits and licenses as described above assume that the changes do not increase the incentive for individuals to complete approved driver's education courses to

obtain their driver's license at age 16 years and 180 days. However, if this bill results in an increase in the number of individuals under the age of 18 that elect to participate in an approved driver's education course, BMV may experience (1) a further increase in workload to process additional applications for learner's permits from the numbers estimated above and (2) less of a decrease in the number of requests for driver's licenses in FY 2012.

Explanation of State Revenues: *Summary of Net Effect on State Revenue:* This bill is expected to increase state revenue received from learner's permits during FY 2011 by \$537,500. The bill is also expected to decrease revenue the state receives from driver's licenses during FY 2012 by \$205,500. The net effect of this bill is to increase state revenue received between the remainder of FY 2011 and FY 2012 by approximately \$332,000.

However, if this bill increases the number of individuals under the age of 18 that elect to participate in an approved driver's education course, revenue the state receives from fees for learner's permits and driver's licenses is expected to be received earlier, thus increasing revenue the state receives during FY 2012. Any increase in revenue from the bill's incentive to participate in an approved driver's education course is indeterminable.

Additional Information:

Effect on Learner's Permits: This bill repeals language that took effect on July 1, 2010, that increased the age an individual can obtain a learner's permit to 15 years and 6 months of age (P.L. 101-2009). As the new age restrictions are currently in place, removing these restrictions will most likely cause a large increase in the number of new learner's permit requests upon the effective date of the bill from those individuals who are between the ages of 15 years and 15 years and 6 months. It is expected that total revenue to the state will experience no change, except the state will receive additional revenue in FY 2011 if this provision were to take effect before the end of the fiscal year. The estimated increase in revenue for FY 2011 is \$537,500.

Effect on Driver's Licenses: The fee for a driver's license is \$21. The bill is expected to result in approximately 9,785 individuals having to wait until they are 17 years and 180 days old to obtain a driver's license. The associated decrease in revenue for FY 2012 and part of FY 2013 is approximately \$205,500.

Background Information:

Currently, the minimum time it can take to get their driver's license is 1 year for individuals who take an approved driver's education course and receive their learner's permit at 15 years and 180 days of age (the age to obtain a driver's license with completion of an approved driver's education course is 16 years and 180 days). Further, the minimum time it can take to get their driver's license is 270 days, or 9 months for individuals who *do not* take an approved driver's education course and receive their learner's permit at 16 years of age (the age to obtain a driver's license without completion of an approved driver's education course is 16 years and 270 days).

As proposed, this bill will make the minimum time it can take to receive a driver's license after obtaining a learner's permit 1 year and 180 days for individuals who complete an approved driver's education course and those who elect not to. For those who attend and complete a driver's education course, the minimum age to receive a learner's permit will be 15 years of age and the minimum age to receive a driver's license will

be 16 years and 180 days. For those who *do not* complete an approved driver’s education course, the minimum age to receive a learner’s permit will be 16 years of age and the minimum age to receive a driver’s license will be 17 years and 180 days.

Revenue obtained from learner’s permits and driver’s licenses are distributed to the Motor Vehicle Highway Account (MVHA), Crossroads 2000 Fund, Anti-Terrorism Fund, BMV Technology Fund, and State License Branch Fund. Of the net fiscal impact this bill creates (increasing state revenue received between the remainder of FY 2011 and FY 2013 by \$332,000), each account is expected to receive the following.

Fund	FY 2011 and FY 2012 Net Revenue Increase	Uses
MVHA	\$18,506	Construction, reconstruction, and maintenance, along with supporting the BMV, the State Police, the Dept. of Transportation, and the Department of State Revenue.
Crossroads 2000 Fund	\$72,157	Bonding for highway projects.
Anti-Terrorism Fund	\$45,100	Supporting the Integrated Public Safety Commission.
BMV Technology Fund	\$18,039	Upgrading technology at the BMV.
State License Branch Fund	\$164,376	Supporting the operation of the licenses branches throughout the state.
Total Increase in Revenue From Fees	\$332,000	

Driver’s Permits: The fee for a learner's permit is \$9. Between CY 2008 and CY 2009, an average of 44,742 individuals received their driver’s education permit and 57,638 individuals received their learner’s permit. Annually, approximately 44,742 individuals, or about 3,729 monthly, were assumed to be eligible to obtain their learner's permit at 15 years of age.

Driver’s Licenses: The bill places new age restrictions on obtaining a driver’s license, which will become effective on July 1, 2011. The bill will require individuals who are less than 18 years of age, have held a valid learner’s permit for 180 days, but have not completed an approved driver education course to be at least 17 years and 180 days old to be able to obtain a driver’s license. To the extent individuals elect to forgo an approved driver education course, this bill will result in a reduction in state revenue during FY 2012 from driver’s license fees.

The BMV reports that for CY 2009, there were 2,351 individuals 16 years of age and 14,874 individuals 17 years of age who held learner’s permits that were not requested for purposes of completing a driver’s education course. Assuming this population is indicative of the entire population of individuals under the age of 18 that elect not to take an approved driver’s education course, these individuals represent the affected population of the bill.

The population of 16 year olds and half of the population of 17 year olds who elected not to participate in a driver's education course would be ineligible to receive a driver's license until they are 17 years and 180 days old. This population would represent a delay of 9,785 requests for driver's licenses in a year.

This bill will decrease revenue the state receives from the driver's license fees during FY 2012. It is important to note that this decrease in revenue represents a shift in revenue to future years as the same amount of revenue will be collected in subsequent fiscal years from driver's license fees. The effect of changing the driver's license age requirement for individuals who do not complete an approved driver's education course will delay receiving revenue from driver's license fees by 9 months. The estimated shift in revenue to future years that will result from the 9,785 individuals having to wait until they are 17 years and 180 days old to obtain a driver's license is approximately \$205,500.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: BMV, Department of State Revenue as recipients of MVHA distributions.

Local Agencies Affected: Recipients of MVHA distributions.

Information Sources: BMV driver's license data for CY 2009; BMV learner's permit data for CY 2008 and CY 2009.

Fiscal Analyst: Bill Brumbach, 232-9559.