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FISCAL IMPACT STATEMENT

LS 6531
BILL NUMBER: SB 127

NOTE PREPARED: May 4, 2011
BILL AMENDED: Apr 29, 2011

SUBJECT: Driver Education.

FIRST AUTHOR: Sen. Holdman
FIRST SPONSOR: Rep. Hinkle

BILL STATUS: Enrolled

FUNDS AFFECTED: GENERAL
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- (1) Transfers the responsibilities concerning: (a) commercial driver training schools from the Indiana Criminal Justice Institute; (b) motorcycle operator education and secondary school driver training from the Department of Education; and (c) truck driver training from the Indiana Commission on Proprietary Education (Commission) and the State Department of Revenue; to the Bureau of Motor Vehicles (BMV).
- (2) Establishes the Driver Education Advisory Board and requires the BMV to adopt rules concerning driver education training, including rules pertaining to commercial driver training schools, certain driver education programs, and driver education instructors.
- (3) Requires an applicant for an operator's license who is required to complete at least 50 hours of supervised practice driving to submit to the commission a log, under penalty of perjury, of the time driven before receiving the operator's license.
- (4) Authorizes the BMV to adopt rules concerning service charges for the administration of a skills or written test by certain driver education instructors.
- (5) Changes the term "road test" for purposes of examination of the ability to operate a motor vehicle to "skills test".
- (6) Permits an applicant for examination for the issuance of a driver's license to take the required written tests or skills test in any location in Indiana (current law requires the tests to be administered in the county where the license branch in which the application was made is located).
- (7) Provides that certain rules pertaining to driver education adopted by the Indiana Commission on Proprietary Education, the Indiana Criminal Justice Institute, the Department of State Revenue, and the State Board of Education concerning driver education are considered, after December 31, 2011, rules of the BMV.
- (8) Provides for certain immunities pertaining to governmental entities and public employees for: (a)

members of the Driver Education Advisory Board; and (b) driver education instructors making reports concerning the fitness of applicants to operate a motor vehicle.

(9) Authorizes the BMV to issue a learner's permit to a person at least 15 years of age under certain conditions.

(10) Makes corresponding changes.

Effective Date: Upon passage; July 1, 2011.

Explanation of State Expenditures: *Summary:* This bill is expected to increase state expenditures to (1) provide two new positions to govern motorcycle operator safety education, (2) provide or contract out education programs for the safe operation of motorcycles, and (3) possibly incarcerate individuals found guilty of perjury.

This bill is expected to increase the workload of the BMV to undertake responsibilities that were once the responsibility of the Indiana Commission on Proprietary Education, the Indiana Criminal Justice Institute (CJI), the Department of State Revenue (DOR), and the State Board of Education (DOE). Additionally, the bill will increase the workload of the BMV to provide (1) licensure to private driver training schools, (2) endorsements of driver education instructors, (3) school licenses to school corporations and post-secondary educational institutions that offer driver education programs, (4) oversight for motorcycle safety education, and (5) process approximately 22,400 additional driver's education permits applications.

By allowing for the possibility of licensed driver training schools to administer tests that otherwise the BMV would be required to perform, this bill may also decrease the workload of the BMV.

Transferring the responsibilities of the CJI, DOE, and DOR to the BMV is expected to result in the transfer of expenditures (and associated appropriations) of approximately \$2.13 M. The estimated cost savings from the ability of driver training schools to provide examinations to students is indeterminable but could offset some of the additional costs of the other provisions of this bill.

The BMV estimates the need for two new positions to govern motorcycle safety courses offered in the state to be approximately \$101,000 annually. However, this expenditure may be offset to the extent these positions are funded from a transferred appropriation from the DOE.

Additional Information:

Driver's Education Permits: This bill will result in a redistribution of workload for local BMV branches to process an influx of approximately 22,400 requests for driver's education permits during FY 2012. Changes in workload are expected to be processed with current staff at local BMV branches.

This estimate assumes 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 driver's education permit at age 15 years and 6 months) will immediately request a driver's education permit upon July 1, 2011.

Responsibility Transfer: By transferring the responsibilities concerning: (a) commercial driver license training schools from the CJI, (b) motorcycle operator education and secondary school driver training from the DOE, and (c) truck driver training from the Indiana Commission on Proprietary Education and the Department of State Revenue, this bill will increase the workload of the BMV, while at the same time

decreasing the workload of the respective agencies and commissions that formerly fulfilled those operations.

Driver Education Advisory Board: The bill also establishes the Driver Education Advisory Board. This board is intended to advise the BMV Commissioner in administering policies regarding driver education. The Board consists of seven members, one of whom is a representative of the BMV. The Board is required to meet at least twice annually, but can meet more often. The BMV is required to provide support to the Board.

Administration of Written and Skills Test for Licensure: This provision would allow the BMV to waive most of the testing requirements for licensure if an individual has already received and passed these tests from a licensed driver training school (which can include private driver training schools, as well as public and private school corporations and state educational institutions). The eyesight examination may be the only test that would be required to be administered by BMV. This bill will reduce the workload of BMV employees to the extent individuals receive and pass these tests from licensed driving school administrators.

Allowing BMV to waive these testing requirements will not completely remove the need for BMV to provide testing requirements. BMV would still be required to provide written tests to individuals who register with the BMV from another state where they are licensed to operate a motor vehicle. The BMV would still be required to provide road and written tests to (1) individuals who take driver's education courses that are not licensed by the BMV (and cannot provide tests that can be waived by the BMV), (2) individuals who do not take a driver's education course but seek licensure, (3) individuals who fail to renew their driver's license for an extended period of time (6 or more months since expiration), and (4) individuals who maintain 6 or more active points on their license. Any cost savings will depend on the number of individuals who have their testing requirements waived by the BMV.

The BMV reports the total budgeted amount for FY 2011 for driver examiners and supervisors is \$2.6 M and the BMV issues approximately one million written tests annually.

Licensure of Private Driver Training Schools: This bill would also require the BMV to issue (1) licensure to individuals who wish to establish or operate a commercial driver training school, (2) endorsements to individuals who would like to act as a driver education instructor, and (3) school licenses to school corporations and post-secondary educational institutions who would like to offer driver education programs. The Driver Education Commission is required to recommend rules for adoption regarding licensure and endorsement fees, criteria for issuance, and regulations.

The requirement that the BMV provide licensure and endorsements will increase the workload of the BMV, but this increase in workload to some extent may offset the workload of the BMV by allowing licensed non-BMV employees to administer written and skills tests (see above).

However, this provision may also increase the expenditures of state post-secondary educational institutions to the extent instructors at these schools are required to obtain licensure from the BMV and are subjected to licensure fees. Increases in expenditures for state post-secondary educational institutions is not known but are expected to be minimal.

Motorcycle Operator Safety Education: The bill also requires BMV to develop and adopt safety education standards for motorcycle operators as well as appoint a program coordinator (who administers the program) and a training specialist (to establish education curriculum, set program and funding guidelines, and supervise instructors and other personnel as necessary). These two appointments may be filled by either the creation of two new positions or from appropriations transferred from the Department of Education.

The bill allows the BMV to contract out the administration of educational programs to regional training centers. To the extent this requirement is fulfilled through the administration of a contract, BMV expenditures may be minimized. Actual increases for contracted educational services will depend on the bids submitted during the request for proposal process and, ultimately, the bid the BMV selects.

The bill also transfers the Motorcycle Operator Safety Education Fund from the Department of Education to the BMV. This provision is expected to have no fiscal impact.

Supervised Driving Time Attestation: The bill requires the parent or guardian of an applicant less than 18 years of age or an applicant 18 years of age and older to attest in writing under penalty of perjury that they completed 50 hours of supervised driving time.

Although unlikely, this bill may increase the number of individuals who are found guilty of perjury. Perjury is considered a Class D felony and is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the marginal cost for medical care, food, and clothing is approximately \$4,818 annually, or \$13.20 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in Department of Correction (DOC) facilities for all Class D felony offenders is approximately ten months.

Additionally, the bill requires the BMV to provide an online driving guide that includes the log that documents the supervised driving time of the applicant for licensure. The increase in workload of the BMV to make this form available is expected to be negligible.

Explanation of State Revenues: Summary: This bill is expected to increase state revenue: (1) for driver's education permits by \$201,000 during FY 2012, (2) deposited into the Motor Vehicle Highway Account from fees for (a) licensure to commercial driver training schools, (b) endorsements of driver education instructors, and (c) school licenses to school corporations and post-secondary educational institutions that offer driver education programs, and (3) from fines collected from individuals convicted of perjury.

Additional Information:

Effect on Driver's Education Permits: This bill repeals language that took effect on July 1, 2010, that increased the age an individual can obtain a driver's education 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 driver's education permit requests upon the effective date of the provisions governing the age at which an individual can obtain a driver's education permit. Specifically, these are individuals who are between the ages of 15 years of age 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 2012. The estimated increase in revenue for FY 2011 is approximately \$201,000.

Fees for Licensure: The bill allows the BMV to establish fees (through rule promulgation) for the issuance of (1) licensure to individuals who wish to establish or operate a commercial driver training school, (2) endorsements to individuals who would like to act as a driver education instructor, and (3) school licenses to school corporations and post-secondary educational institutions who would like to offer drivers education programs.

All new revenue generated from collected fees is required to be deposited in the Motor Vehicle Highway Account. Increases in revenue will depend on (1) the fees established by the BMV and (2) the number of applicants for licensure or endorsements. The BMV reports it will most likely institute a \$100 application fee for licensure.

Penalty of Perjury: If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class D felony is \$10,000. However, any additional revenues would likely be small.

Explanation of Local Expenditures: *Driver Training School Licensure Fees:* This bill may increase local school corporation costs to the extent schools elect to pay licensure fees for driver education instructors. Any increase in school expenditures is indeterminable.

Penalty of Perjury: If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. However, any additional expenditures would likely be small.

Explanation of Local Revenues: *Penalty of Perjury:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, the amounts would likely be small.

State Agencies Affected: Indiana Bureau of Motor Vehicles; Indiana Commission on Proprietary Education; Indiana Criminal Justice Institute (CJI); Department of State Revenue (DOR); State Board of Education (DOE); Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Division of State Court Administration, *2009 Judicial Year in Review Report*; December 2010 Vacant Position Report; Danielle Roessing, BMV.

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