



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3358 Amended by the Senate on March 22, 2017
Author: Willis
Subject: Id Cards
Requestor: House Education and Public Works
RFA Analyst(s): Wren
Impact Date: March 23, 2017 - Updated for revised analysis and fiscal impact

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19	FY 2019-20
State Expenditure			
General Fund	\$13,858,000	See Below	See Below
Other and Federal	\$0	\$0	\$0
Full-Time Equivalent Position(s)	7.00	0	0
State Revenue			
General Fund	\$0	\$0	\$0
Other and Federal	Undetermined	\$0	\$0
Local Expenditure	\$0	\$0	\$0
Local Revenue	\$0	\$0	\$0

Fiscal Impact Summary

The amended bill allows the Department of Motor Vehicles (DMV) to expend \$1,700,000 in FY 2016-17 from its existing cash balances to begin implementing the provisions of this bill. The bill will increase non-recurring General Fund expenses for DMV by \$13,609,000 in FY 2017-18, \$4,841,000 in FY 2018-19 and FY 2019-20 for temporary staff and overtime. Beginning in FY 2017-18, recurring General Fund expenses are expected to total \$249,000, \$8,000 for maintenance fees and \$241,000 for seven full-time staff. This bill will have no expenditure impact on Other Funds or Federal Funds. The increase in Other Funds revenue is undetermined. This fiscal impact statement has been updated to shift Other Funds expenses for DMV to General Fund expenses.

Explanation of Fiscal Impact

Amended by the Senate on March 22, 2017

State Expenditure

The amended bill authorizes DMV to issue driver's licenses and identification cards that are in compliance with the REAL ID Act to qualifying citizens. A person may hold only one DMV issued credential at a time. DMV may issue a compliant or non-compliant card. However, a REAL ID compliant card may only be issued to individuals who present all supporting documents required for a compliant credential. The amended bill also prohibits DMV from providing direct access to the full driver's license database to any other jurisdiction. Also, the bill amends the driver's license renewal period from ten years to eight years and deletes the reference to a five-year driver's license. The fee for the eight-year driver's license is \$25.

Additionally, the bill makes changes to vision screenings required for initial and renewal driver's licenses and deletes the provision that allows individuals who are sixty-five years of age or older to renew their license by mail. Further, the bill allows DMV to expend \$1,700,000 in the current fiscal year from its existing cash balances to begin implementing the provisions of this bill.

Department of Motor Vehicles (DMV). The bill allows DMV to expend \$1,700,000 in FY 2016-17 from its existing cash balances to begin implementing the provisions of this bill. Additionally, the department indicates that this bill will increase non-recurring General Fund expenses in FY 2017-18 by \$13,609,000 for 100 temporary customer service representatives, increased salary and mileage for thirty-three relief customer service representatives, one temporary employee in imaging, one contract business analyst, two temporary employees in international affairs, and overtime for current international affairs employees. Non-recurring General Fund expenses are expected to increase by \$4,841,000 in FY 2018-19 and FY 2019-20 for 100 temporary customer service representatives, increased salary and mileage for thirty-three relief customer service representatives, and one temporary employee in imaging. Recurring General Fund expenses are expected to total \$8,000 for maintenance fees and \$241,000 for six classified customer service representatives and one classified employee in imaging in FY 2017-18, 2018-19, and FY 2019-20. This section has been updated to shift Other Funds expenses to General Fund expenses.

Department of Transportation. The department indicates that this bill does not create new responsibilities for DOT and will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

The amended bill amends the driver's license renewal period from ten years to eight years and deletes the reference to a five-year driver's license. The fee for an eight-year license is \$25. A license issued on or after October 1, 2017, expires on the licensee's birth date on the eighth calendar year in which it is issued. The fees collected pursuant to the increase in driver's license fee must be credited to the Department of Transportation State Highway Fund. Also, the bill deletes the requirement of the \$1 fee for a veteran designation to be placed on a new, renewal, or replacement driver's license. Currently, this \$1 fee is allocated to the State Non-Federal Aid Highway Fund. Additionally, the bill deletes the requirement that during the fifth year of a ten-year license, the licensee must submit by mail to DMV a certificate from an ophthalmologist or optometrist, or must appear in person at a DMV office to complete a vision screening. Further, the bill deletes the requirement that a licensee who fails to submit the certificate or fails to appear in person at a DMV office must be fined a \$50 fee. Pursuant to Section 56-1-220(B), the revenue from the \$50 fee is currently allocated to the State Highway Fund.

Based upon data provided by DMV, there are approximately 3,531,000 driver's licenses and 12,500 ID holders in their database. If every individual who currently holds a non-compliant credential decided to obtain a compliant credential, an additional \$88,338,000 in additional revenue would be allocated to the State Non-Federal Aid Highway Fund in FY 2017-18. However, only the individuals interested in using their driver's license or ID card to enter federal buildings, military bases, or to board an airplane, would need to renew early in order to obtain a compliant credential. Since the number of driver's license and ID card holders who may renew

early to obtain the compliant credential is undetermined, the revenue generated pursuant to early renewals in FY 2017-18 is undetermined. However, we estimate that revenue derived from driver's license renewals would increase approximately twenty percent annually once the acceleration period was complete and all renewals were on the new eight-year cycle. The revenue generated from driver's license renewals is allocated to the State Non-Federal Aid Highway Fund.

Based upon the most current data available from DMV, we estimate that approximately 17,000 veteran designations will be placed on driver's licenses in FY 2017-18. Therefore, we estimate that deletion of the \$1 fee for a veteran designation to be placed on a driver's license will reduce revenue to the State Highway Fund by \$17,000 in FY 2017-18.

Proviso 82.8 of the FY 2016-17 Appropriation's Act suspends the \$50 fee associated with the vision screening required in the fifth year of a ten-year license. Therefore, since there is currently no revenue associated with the \$50 fee, revenue of the State Highway Fund would not be reduced in FY 2017-18.

Local Expenditure

N/A

Local Revenue

N/A

Amended by the House on March 2, 2017

State Expenditure

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relief customer service representatives, and one temporary employee in imaging. Recurring General Fund expenses are expected to total \$8,000 for maintenance fees and \$241,000 for six classified customer service representatives and one classified employee in imaging in FY 2017-18, 2018-19, and FY 2019-20. This section has been updated to updated to shift Other Fund expenses to General Fund expenses.

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currently no revenue associated with the \$50 fee, revenue of the State Highway Fund would not be reduced in FY 2017-18.

Local Expenditure

N/A

Local Revenue

N/A

Introduced on January 10, 2017

State Expenditure

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Department of Motor Vehicles (DMV). The department indicates that passage of this bill will result in an additional \$1,707,000 in Other Fund expenses in FY 2016-17. Of this amount, \$1,699,000 is non-recurring for advertising and equipment. Recurring expenses are expected to total \$8,000 for maintenance fees. Non-recurring Other Fund expenses in FY 2017-18 are expected to increase by \$13,609,000 for 100 temporary customer service representatives, increased salary and mileage for thirty-three relief customer service representatives, one temporary employee in imaging, one contract business analyst, two temporary employees in international affairs, and overtime for current international affairs employees. Non-recurring Other Fund expenses are expected to increase by \$4,841,000 in FY 2018-19 and FY 2019-20 for 100 temporary customer service representatives, increased salary and mileage for thirty-three relief customer service representatives, and one temporary employee in imaging. Recurring Other Fund Expenses are expected to increase by \$241,000 in FY 2017-18, 2018-19, and FY 2019-20 for six classified customer service representatives and one classified employee in imaging.

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State Revenue

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replacement driver's license. Currently, this \$1 fee is allocated to the State Non-Federal Aid Highway Fund. Additionally, the bill deletes the requirement that during the fifth year of a ten-year license, the licensee must submit by mail to DMV a certificate from an ophthalmologist or optometrist, or must appear in person at a DMV office to complete a vision screening. Further, the bill deletes the requirement that a licensee who fails to submit the certificate or fails to appear in person at a DMV office must be fined a \$50 fee. Pursuant to Section 56-1-220(B), the revenue from the \$50 fee is currently allocated to the State Highway Fund.

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Local Expenditure

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Local Revenue

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Frank A. Rainwater, Executive Director