

Legislative Fiscal Bureau

Fiscal Note

Senate File 97 – DOT Omnibus (LSB 2183SV.3)

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Fiscal Note Version – Senate File 97 as Amended and Passed by the House

Description

Senate File 97, as amended and passed by the House, provides several transportation-related policy changes to the Department of Transportation (DOT), including but not limited to, the following:

- Eliminates the requirement for the Department to regulate junkyards along primary highways.
- Eliminates the requirement for the Department to regulate the placement of political signs on private property.
- Eliminates the State Aviation Hangar Revolving Loan Fund.
- Allows the DOT to waive or refund fees for a renewal or duplicate license or identification card under certain circumstances.
- Allows for a one-time surcharge fee of \$3.00 for driver's licenses, in addition to the license fee. The surcharge fee would be in effect from July 1, 2003, to June 30, 2008. The DOT will use the additional fees for the following:
 - Costs associated with the rewrite of the driver's license issuance and records system.
 - Reimbursement to county treasurers. For each county issuance or renewal of a driver's license or non-operator identification card, county treasurers will retain an additional \$1.25 in FY 2004 and FY 2005 only.
 - Moneys in excess of the amount needed to fund the system rewrite and to reimburse counties will be deposited into the Road Use Tax Fund.
- Requires the DOT and the Iowa County Treasurers Association to conduct a study of the county driver's license issuance program, including the financial effect the program has had on counties. The Department will report its findings and recommendations to the General Assembly by December 31, 2003.
- Requires the DOT to be consistent with federal law when establishing rules for motor carrier safety.
- Amends regulations relating to transporting agricultural hazardous materials.
- Requires urban public transit systems to utilize private-sector operators, if practicable, in the planning of transit services.

Assumptions

1. In 2002, the Federal Highway Administration formally notified states that they could stop regulating junkyards along primary highways. In 2002, the Iowa Department of Motor Vehicle received approximately 50 Authorized Vehicle Recycler applications. Such applications are required for used vehicle parts dealers or vehicle salvagers, and have the potential for creating junkyards. Most of the 50 sites were not along primary highways, and therefore, fell under local jurisdiction. The cost savings to the DOT for not regulating junkyards along primary highway is not expected to be significant due to local control of the majority of junkyards.
2. In 1998, the Attorney General's Office ruled that the placement of political signs on private property would not be enforced by the DOT. The Department has not enforced

- the placement of political signs since then, except in circumstances when a sign obstructs an intersection or interferes with traffic signs or devices.
3. The Aviation Hangar Revolving Loan Fund was created in FY 2001 and was appropriated \$500,000. In FY 2002, \$360,000 was deappropriated to off-set the General Fund balance. The remaining Loan Fund balance of \$140,000 was loaned out and will be paid back in installments of \$14,000 annual payments over ten years at 3.0% interest.
 4. The Department would waive or refund driver's license or identification card fees if the license or card has not been issued in a timely manner or the applicant was required to return to the driver's license station due to an error on the license or card issued. The proposed refund would be for licenses issued by the Department only, not by the counties. The refund amount is not expected to be significant.
 5. Driver's license fees would increase by \$3.00 (one-time surcharge), in addition to the license fee, for the following driver's licenses: Noncommercial, Noncommercial Chauffeur, and Commercial licenses.
 6. The Iowa DOT issues both two-year and five-year licenses. The majority are five-year, persons aged 18 through 69. Those limited to a two-year license are persons with a medical condition or persons under age 18 and over 70.
 7. The number of licenses issued in one year for each license type is detailed in the following table. The majority of persons issued two-year licenses are issued renewals only in the third, fourth, and fifth years, and are not issued new licenses in those years:

Number of Driver's Licenses Sold Over Five Years

License Type	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<u>Two-Year License</u>						
Noncommercial Chauffeur & Commercial	3,392	3,392	0	0	0	6,784
Noncommercial	79,383	79,383	0	0	0	158,766
<u>Five-Year License</u>						
Noncommercial Chauffeur & Commercial	78,069	78,069	78,069	78,069	78,069	390,345
Noncommercial	542,184	542,184	542,184	542,184	542,184	2,710,920
Total	<u>703,028</u>	<u>703,028</u>	<u>620,253</u>	<u>620,253</u>	<u>620,253</u>	<u>3,266,815</u>

8. Some drivers are issued more than one license annually.
9. Under the proposed law, counties that issue driver's licenses will retain an additional \$1.25 per issuance in FY 2004 and FY 2005. Under current law, counties retain \$3.75 per issuance.
10. Staff time for driver's license issuance will not be affected.
11. One-time costs associated with rewriting the driver's license issuance and records system are estimated to be \$9.0 million. The \$9.0 million is currently contracted out. Maintaining the system will cost approximately \$500,000 annually.
12. Of the total number of driver's licenses issued annually, approximately 300,000 are issued at the county level.
13. No additional staff will be needed for the county driver's license issuance study.

Fiscal Impact

The estimated fiscal impact of SF 97, as amended and passed by the House, is as follows:

General Aviation Vertical Infrastructure Program Fund

The fund will receive annual payments of \$14,000 in loan repayments over a ten-year period.

The total amount of the loans is \$140,000. A 3.0% interest rate will be applied to the amount loaned. The total amount, including interest, to be repaid and deposited in the fund over the ten-year period is \$156,000.

Driver's License System Upgrade

The estimated net fiscal impact of SF 97, as amended and passed by the House, is an increase in revenue of \$50,000 to the Road Use Tax Fund. The estimated fiscal impact of SF 97, as amended and passed by the House, is an increase in revenues of \$750,000 to the counties' General Fund.

Of the \$9.9 million in revenues generated from the one-time surcharge fee for driver's licenses, approximately \$9.0 million will be expended on upgrading the driver's license issuance and records system, and approximately \$800,000 will be retained by the counties. Moneys in excess of the amount needed to fund the system rewrite and the amount retained by counties will be deposited into the Road Use Tax Fund.

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One-Time Driver's License Fee Increase Road Use Tax Fund (Dollars in Millions)						
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>Total</u>
<u>Revenues</u>						
Increased License Fees	\$ 2.1	\$ 2.1	\$ 1.9	\$ 1.9	\$ 1.9	\$ 9.9
<u>Expenditures*</u>						
Driver's License Sys. Upgrade	\$ -4.5	\$ -4.5	\$ 0.0	\$ 0.0	\$ 0.0	\$ -9.0
County Treasurers	-0.4	-0.4	0.0	0.0	0.0	-0.8
Net Road Use Tax Fund Impact	<u>\$ -2.8</u>	<u>\$ -2.8</u>	<u>\$ 1.9</u>	<u>\$ 1.9</u>	<u>\$ 1.9</u>	<u>\$ 0.01</u>

* Expenditures do not include annual system maintenance of \$500,000. That amount will be taken from the Motor Vehicle Division's base budget each year.

In addition to the \$9.0 million needed for the driver's license system upgrade, approximately \$500,000 will be needed each year to maintain the system. The \$500,000 will be taken from the Motor Vehicle Division's base budget. That amount is currently built into the budget. The Motor Vehicle Division's base budget includes Road Use Tax Fund and Primary Road Fund moneys.

County Driver's License Issuance Study

Costs associated with the county driver's license issuance study will be absorbed by the Department of Transportation and County Treasurer's Association. No additional staff will be needed.

Junkyard Regulation

The provisions of SF 97, as amended and passed by the House, relating to the regulation of junkyards will not have a significant fiscal impact on the DOT.

Political Signs

The provisions of SF 97, as amended and passed by the House, relating to political signs on private property will not have a significant fiscal impact on the DOT.

Source

Department of Transportation

/s/ Dennis C Prouty

March 17, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
