



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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<b>Bill Number:</b>	H. 3789	Introduced on January 29, 2019
<b>Author:</b>	Willis	
<b>Subject:</b>	Driver's License	
<b>Requestor:</b>	House Education and Public Works	
<b>RFA Analyst(s):</b>	Griffith	
<b>Impact Date:</b>	March 4, 2019	Updated for Additional Agency Response

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### **Fiscal Impact Summary**

This bill will increase non-recurring General Fund expenditures of the Department of Motor Vehicles (DMV) by \$26,400. The net increase or decrease in revenue to the State Highway Fund of the Department of Transportation (DOT) is undetermined due to multiple unknown variables. This fiscal impact statement has been updated based on a response from DMV.

### **Explanation of Fiscal Impact**

**Updated for Additional Agency Response on March 4, 2019**  
**Introduced on January 29, 2019**

#### **State Expenditure**

This bill conforms legislation to certain current practices, amends the length of time for which specific licenses are valid, and adds two new forms that veterans can provide to obtain a veteran designation on a driver's license or identification card. DMV estimates needing six full weeks of programming to implement these changes. At forty hours per week and \$110 per hour, the agency estimates a one-time \$26,400 increase in General Fund expenditures.

In addition, the following sections will affect state expenditures as follows:

**Section 1.** This section requires that a license issued to a member of the armed services or his dependent who becomes a permanent resident of South Carolina expires eight years from the date of issue, rather than on the licensee's birth date within the fourth calendar year of issue.

DMV indicates that the agency is currently complying with these procedures. Therefore, this section of the bill will have no expenditure impact on the agency.

**Section 3.** This section allows DMV to issue a driver's license with a veteran designation to an applicant who can provide one of three forms of proof. Currently, the applicant must provide a United States Department of Defense discharge certificate (DD Form 214) that shows a characterization of service or discharge status of honorable or general under honorable conditions and establishes the person's qualifying military service in the United States Armed Forces. However, the bill adds two other forms of proof an applicant may provide: a Veterans Identification Card (VIC) or a National Guard Report of Separation and Record of Service (NGB Form 22) that shows a characterization of service or discharge status of honorable or general under honorable conditions and establishes qualifying military service of at least twenty years in the National Guard.

DMV indicates that any modifications to current forms and changes in process can be managed within current appropriations. Therefore, this section of the bill will have no expenditure impact on the agency.

In total, the bill will increase General Fund expenditures of DMV by \$26,400. This fiscal impact statement has been updated based on a response from the agency.

### **State Revenue**

The following sections will affect state revenue as follows:

**Section 2.** This section amends the length a license issued to a non-lawful permanent resident of the United States is valid from at most five years to at most eight years. It also adds the provision that the cost of a license that is valid for not more than four years is \$12.50, and the cost of a license that is valid for more than four years is \$25.

DMV currently charges a fee of \$12.50 for all international customers, no matter the time period of the license. The agency indicates that it currently has 76,601 total international customers, all with varying validity periods on their licenses. Therefore, while the cost of some licenses will double, the exact number of those licenses is unknown, and the amount of revenue impact of this section on DMV is undetermined.

**Section 5.** This section differentiates the length of time a commercial driver's license (CDL) is valid between those licenses with and without an associated HAZMAT endorsement. A license without a HAZMAT endorsement will be assessed a fee of \$25 and will expire eight years from the date of issue, while a license with a HAZMAT endorsement will be assessed a fee of \$15 and will expire five years from the date the applicant passed the Transportation Security Administration threat assessment.

DMV currently charges \$25 for a five-year CDL and does not differentiate between a CDL with or without a HAZMAT endorsement. Decreasing the fee for a HAZMAT-endorsed CDL could decrease revenue to the agency, but since the number of licenses that would be affected is unknown, the revenue impact to DMV is undetermined.

**Section 6.** This section deletes the \$1 fee which was charged to applicants to obtain a veteran designation on the front of new, renewed, or replacement driver's licenses. It removes the reference to driver's licenses within subsection 56-1-3350(B) and replaces it with identification card in order to remain consistent with the subject matter contained in this subsection.

DMV collected approximately \$1,200 in revenue from adding veteran designations to identification cards in FY 2017-18. The \$1,200 was allocated to the State Highway Fund of DOT. Assuming a similar pattern, revenue of the State Highway Fund would be reduced by approximately \$1,200 in FY 2019-20 and each year thereafter.

The section also increases the fee for an identification card for a person between the ages of five and sixteen years from \$5 to \$15, amends the length the identification card is valid, allows no

more than one identification card to be issued free to a person aged seventeen and older per issuance cycle, and requires a \$10 fee for replacement of an identification card before its expiration date.

Currently, DMV has 32,416 identification cards issued to persons under the age of seventeen years. However, the number of applications for these cards it will receive in FY 2019-20 is unknown. The agency also currently issues an unlimited number of free identification cards to persons over the age of seventeen. Limiting each person to one per issuance cycle could increase revenue to the agency. The \$10 fee for the replacement of a special identification card before its expiration date will increase revenue, but the number of identification cards that will need to be replaced is unknown.

Overall, components within this section of the bill will both decrease and increase revenue to the State Highway Fund of DOT. However, the net increase or decrease in revenue is undetermined due to multiple unknown variables. This fiscal impact statement has been updated based on a response from DMV.

**Local Expenditure**

N/A

**Local Revenue**

N/A



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