

February 24, 2017

The Honorable Richard Proehl, Chairperson  
House Committee on Transportation  
Statehouse, Room 581-W  
Topeka, Kansas 66612

Dear Representative Proehl:

**SUBJECT:** Fiscal Note for HB 2202 by House Committee on Transportation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2202 is respectfully submitted to your committee.

HB 2202 would make several amendments to driver's license expirations, renewals and fees. Individuals applying for a class C license who are 81 years of age or older would be exempt from certain examination and photo fees. The bill would make the following changes to class C driver's license fees:

1. The fee for licenses issued to a person who is at least 21 years of age but less than 65 years of age would be increased from \$18 to \$27;
2. The fee for licenses issued to a person who is at least 65 years of age but less than 81 years of age would be \$14; currently, the fee is \$12 for licensees 65 years and older; and,
3. For licenses issued to a person who is 81 years of age or older there would not be a fee.

Licenses issued to or renewed for persons who are at least 21 years of age but less than 65 years of age would expire every eight years on the person's date of birth. Currently, licenses for this age group expire every six years. Licenses issued to or renewed for persons who are at least 65 years of age but less than 81 years of age would expire every four years on the person's date of birth. Licenses issued to or renewed for persons who are 81 years of age or older would expire every two years on the licensee's date of birth. The Division of Vehicles in the Department of Revenue must require any person who applies for a class C license and is 81 years of age or older to take all required examinations every time the person applies for a license renewal.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	(\$888,097)	--	(\$888,097)
Expenditure	\$5,575	\$5,575	--	--
FTE Pos.	--	--	--	--

The Department of Revenue estimates that the bill would result in a net decrease in revenue of \$888,097 per year. This total includes, a decrease of \$102,637 to the State Highway Fund; an increase of \$9,939 to the State Safety Fund in the Department of Transportation; and a decrease of \$795,399 to the Photo Fee Fund in the Department of Revenue. To formulate these estimates, the Department of Revenue reviewed data on current licensees. The Department reports there are currently 1,359,334 licensees who would fall into the 21-64 age group, 310,856 licensees who fall into the 65-80 age group, and 72,400 licensees who would fall into the 81 and older age group.

Changes to the renewal cycle and fees for the 21-64 age group would result in a loss of revenue of \$9,515,338 over a 43 year period, or \$221,287 per year ( $\$9,515,338/43$  years). Under current law, this group would generate revenue totaling \$247,398,788 (7 renewals x \$26 for license and photo fee x 1,359,334 licensees). Under the bill, this group would generate revenue totaling \$237,883,450 (5 renewals x \$35 for license and photo fee x 1,359,334 licensees), for a difference of \$9,515,338.

Changes to the 65 to 80 age group would result in an increase of revenue of \$2,486,848 over a 15 year period (4 renewals x \$2 increase in fees x 310,856 licensees). This would equal an increase of \$165,790 per year ( $\$2,486,848/15$  years).

Changes to the 81 and greater age group would result in a loss of revenue of \$8,326,000 over ten years, or \$832,600 per year ( $\$8,326,000/10$ ). The total loss of revenue includes \$7,240,000 from the loss of the \$20 renewal fee and \$1,086,000 from the loss of the \$3 exam fee. The Department reports that most of the current licensees in this age group are aged 81-91; therefore, it is assumed that a person would renew over a ten year period.

The Department of Revenue would require additional expenditures of \$5,575 from the State General Fund in FY 2018 to modify information and database systems. The Department of Transportation indicates the bill would have no fiscal effect on the agency beyond reductions to the State Highway Fund. Any fiscal effect associated with HB 2202 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Ben Cleaves, Transportation