

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Transportation Committee

BILL: SPB 7056

INTRODUCER: For consideration by the Transportation Committee

SUBJECT: Driver's Licenses

DATE: February 13, 2008 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Eichin	Meyer		Pre-meeting
2.				
3.				
4.				
5.				
6.				

I. Summary:

This Senate Proposed Bill authorizes an increase in the service fee charged by tax collectors when providing driver's license services. The current fee of \$5.25 charged for each driver's license issued or renewed is authorized to be increased to an amount not to exceed \$10.50.

The Senate Proposed Bill also directs the Department of Highway Safety and Motor Vehicles (DHSMV) to collect and present customer wait time data for each driver's license examination office.

This Senate Proposed Bill substantially amends sections 322.02 and 322.135, F.S.

II. Present Situation:

The DHSMV and its agents issue approximately 6.3 million drivers' licenses and identification (ID) cards each year and maintain records on more than 19 million licensed drivers. Demand for these services has increased in recent years due to population growth and will likely continue to increase due to the impending implementation of the REAL ID Act of 2005.

Chapter 322, F.S., prohibits persons from operating any motor vehicle on the highways of the state without having a valid driver's license. Licensing provides assurance drivers:

- Can read and understand road signs, traffic signals and highway markings;
- Know Florida driving rules;
- Can see well enough to drive safely;
- Have the necessary skills and experience to drive safely; and

- Are not afflicted by physical or mental conditions that might preclude the safe operation of a motor vehicle.

In Florida, driver’s licenses are issued by the Division of Driver Licenses (DDL) within DHSMV. The DDL’s 1,613 employees provide customer services in 96 field offices throughout the state, as well as 11 mobile licensing units. The DDL is composed of ten bureaus. The largest are the five geographical Bureaus of Field Operations with 1040 employees throughout the 96 state driver’s license issuing offices. Field Operations employees administer the required vision, knowledge, and driving skills examinations, and issue driver’s licenses and ID cards. Other bureaus include:

- Records (138 FTEs)
- Driver Education and DUI Programs (19 FTEs)
- Financial Responsibility (56 FTEs)
- Driver Improvement (64 FTEs)
- Administrative Reviews (134 FTEs)

The DDL issues the following classes of licenses: Class A, B, C, and E. Classes A, B, and C are for drivers of commercial motor vehicles such as large trucks and buses. Class E is for drivers of non-commercial vehicles.

Persons wishing to obtain a Florida driver’s license must be properly tested. Prior to issuing a driver’s license or identification card, examiners:

- review the customer’s identification and residency documents;
- create or retrieve the driver’s record;
- take a digital photograph of the applicant;
- complete the driver’s license application, which includes real-time verification of the social security number and nationwide driver status checks;
- scan the identification and residency documents;
- collect the applicable fees and the customer’s electronic signature; and
- print the driver’s license or identification card.

The DDL also performs services relating to voting, selective service, organ donor registration, and data sharing for food stamps and college tuition programs.

Costs of Licensing

The fees associated with the various license and ID card services are established in statute and are uniform regardless of the delivery method, i.e., the cost to the consumer is the same whether the transaction is over-the-counter or centrally processed. The production and processing costs to DHSMV are virtually the same, as well. The statutory fees and the year they were established are as follows:

Service	Fee	Year
Original Florida License	\$20	1989
Class E Renewal	\$15	1989

Restricted Class E (learner's)	\$20	1989
Duplicate License	\$10	1990
Replacement	\$10	1990
Commercial (CDL)	\$50	1989
Endorsements	\$5	1989
Late Fee	\$1	1991

In Fiscal Year 2005-2006, these and associated fees generated \$138,275,368.

County Tax Collectors

Since 1996, s. 322.135, F.S., has allowed county tax collectors to apply to DHSMV for the opportunity to provide driver's license services. Currently, 33 county tax collectors provide driver's license services at 81 locations throughout the state accounting for about 24% of all over-the-counter driver's license and ID card issuances. Services by county tax collectors generally include license/identification card renewals, replacements or duplicates. Many tax collectors do not issue original or foreign national licenses because of the additional resources required for knowledge and skills testing and document validation. Uniformity with state procedures is maintained through state-provided training, quality assurance reviews, and published policies. Tax collectors are authorized to levy an additional service fee of \$5.25 for each license service.

Customer Service

Due to the subjective ambiguity of qualitative assessments of customer service and personal convenience, the quantitative measure of customer 'wait time' has become the most meaningful proxy for measuring customer satisfaction with driver licensing services. In essence, wait time and the ability to complete the entire transaction in one visit are the criteria by which an applicant is most likely to judge his or her experience. Accordingly, DHSMV has in recent years sought to improve the way in which the product is delivered. Particular attention has been paid to wait times with the DDL implementing a number of process improvements over the last few years, which have contributed to its reduction.

A primary focus has been to accommodate customers who do not need to visit an office in person to complete their transactions. By remotely servicing persons needing express services, such as address changes, via the Internet, telephone, or mail, overall wait times in field offices is reduced. Self-service computer kiosks are being tested in various locations including the field offices to accommodate those persons lacking Internet and phone service. The DHSMV is also exploring the concept of opening satellite offices in retail locations such as Wal-Mart stores.

To measure its progress in reducing wait times, DHSMV polls its customers via internet surveys and comment cards in field office locations. From the quarter ending September 2005 to the quarter ending September 2007, the statewide percentage of customers who waited more than 120 minutes for service in a state driver's license office decreased from 14 percent to 0.4 percent. The metric measuring the shortest wait period, *i.e.*, "Up to 15 Minutes" increased from 42 percent to 76.2 percent indicating a general reduction in wait times statewide.

Due to the wide variations in population densities, the number of drivers being serviced can vary dramatically between the state's geographic regions. For example, the field offices in Palm

Beach, Broward, and Miami-Dade Counties handle more licensing transactions than the rest of the state combined. None of the three counties' tax collectors provides driver's license services and, according to the DHSMV, these counties typically show the longest wait times. However, from the quarter ending September 2005 to the quarter ending September 2006, the number of customers in this region waiting more than 120 minutes times decreased from 17% to 2% and the shortest measured period ("Up to 15 Minutes") increased from 38% to 70% also indicating customers are experiencing significantly shorter wait times as a result of various service improvements.

Reducing Wait Times

The most apparent solution to reducing customer wait times is to increase the number of service providers available to customers. This can be accomplished by providing for additional DHSMV employees or through outsourcing to either other public sector or private entities. Research conducted by the Office of Program Policy Analysis and Government Accountability (OPPAGA) indicates increased outsourcing to tax collectors is feasible but challenged by funding concerns. Likewise, the report indicates outsourcing of driver's license services to private entities is feasible but could increase the state's and its citizens' exposure to identity theft and fraud.

As experienced, trusted agents of the state and, in most cases, elected constitutional officers accountable to the state and their citizens, and due to the availability of existing infrastructure, tax collector's present the most viable option for expanding face-to-face customer services for driver's licenses and ID cards. Besides the increase in the number of driver's license service providers, consumers further benefit from the grouping with other services such as vehicle title and registration services in a one-stop shop. Statutory authority currently exists to give all tax collectors the opportunity to provide driver's license services. However, about half of the counties' tax collectors do not currently offer any and many offer only a limited number of services. There are at least two possible reasons for this – the fiscal impact and the complexity of the driver's license process. As stated previously, Florida law authorizes tax collectors to levy an additional service fee of \$5.25 for each license service. A 2001 study by the Cost Determination and Allocation Task Force found, and OPPAGA has confirmed, this fee is insufficient to cover the actual cost of providing most driver's license services. According to the 2001 study, the average actual cost borne by a tax collector to issue a driver's license is \$10.09 (in 2001 dollars.) Thus, tax collectors choosing to provide all services must, in effect, pay for that opportunity. The complexity of providing some driver licensing services such as driver skills examinations is also a disincentive. Services for foreign nationals also require a complex process of establishing legal presence and document verification that is both costly and, in recent years, subject to numerous revisions. As a result, many of those tax collectors who provide driver's license services, pick and choose which services to provide, based on their costs and the complexity of the requirements.

III. Effect of Proposed Changes:

The Senate Proposed Bill directs the DHSMV to collect and annually report wait time information for each driver's license examination office. The report is to be presented to the respective legislative transportation committees and must include the average wait time experienced by customers in each office location.

The Senate Proposed Bill authorizes an increase in the fee charged by tax collectors issuing or renewing driver's licenses from the current \$5.25 to a maximum of \$10.50 for each issuance or renewal.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None. The increase in fees is permissive, not mandatory.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Senate Proposed Bill allows county tax collectors to increase the additional fee charged for any driver's license issued or renewed by a tax collector from the current \$5.25 to an amount no greater than \$10.50.

B. Private Sector Impact:

Individuals obtaining driver's license services from state-owned driver's license offices, where the current fee for a new license is \$20, would not be affected. Individuals obtaining driver's license services from county tax collectors could experience increases of up to 100% of the additional fee charged by a tax collector. This would have the effect of raising the total cost of a license issued by a tax collector from \$25.25 to \$30.50.

C. Government Sector Impact:

Counties offering driver's license services would likely experience an indeterminate but positive impact on revenue collected by tax collectors for driver's license services.

The Senate Proposed Bill results in no direct fiscal impact to the DHSMV. It is possible that the increased service fee will entice additional tax collectors to provide licensing services, thereby reducing demand at state-owned facilities.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
