

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 471 (Second Edition)

**SHORT TITLE:** CDL Changes

**SPONSOR(S):**

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<u><b>FY 2003-04</b></u>	<u><b>FY 2004-05</b></u>	<u><b>FY 2005-06</b></u>	<u><b>FY 2006-07</b></u>	<u><b>FY 2007-08</b></u>
<b>REVENUES</b>					
<b>Highway Fund</b>					
<b>License Fees</b>					
<b>Section 6</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$150,000</b>		
<b>Section 5</b>			<b>\$356,250</b>	<b>\$475,000</b>	<b>\$475,000</b>
<b>TOTAL</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$551,250</b>	<b>\$475,000</b>	<b>\$475,000</b>
<b>EXPENDITURES</b>					
<b>Highway Fund</b>					
<b>SADLS Changes</b>	<b>\$141,420</b>				
<b>POSITIONS: (cumulative)</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED: Highway Fund; Division of Motor Vehicles (DMV)</b>					
<b>EFFECTIVE DATE:</b> Sections 3, 5, and 7 becomes effective October 1, 2003. Section 6 becomes effective October 1, 2003 and expires September 30, 2005. The remainder of the bill becomes effective January 1, 2005.					

**BILL SUMMARY:** The bill makes several changes to North Carolina law required by federal regulation concerning the effect of certain traffic violations on persons holding commercial drivers licenses, and requires a new “S” school bus driver endorsement. It permits current school bus drivers to be grandfathered in if they meet certain requirements. *(Source: Bill Analysis)*

**ASSUMPTIONS AND METHODOLOGY:** The fiscal impact of the bill consists of expenditures to make changes in the State Automated Driver License System (SADLS) to implement the changes required and revenues from the newly required “S” school bus endorsement and the grandfathering until 2005 of currently licensed school bus drivers meeting certain requirements. A third fiscal impact will be the costs to change the process for testing and

hiring school bus drivers. That cost will depend on federal regulations which have not yet been released and is not estimated.

### Expenditures

The Department of Transportation's Information Technology Section considers the modifications necessary for SADLS as complex, requiring the following steps:

- Change both Motor Vehicle Report (MVR) processes for batch and on-line information.
- Add new business rules for New Prayer for Judgment (PJC) code to adjudicate as if guilty.
- Add new servers to process new prior conviction PJC data.
- Modify batch conviction process to determine what type of license the driver had at the time of the offense and establishment of business rules concerning CDL vs. Classified.
- Add new conviction codes and business rules concerning the codes to include them in calculating serious violations.
- Update Remote Driver License System Interface (RDLSI) with new convictions.
- Create rules for proper displaying of new PJC code(s) and conviction codes on MVRs.
- Create Commercial Motor Vehicle indicator on Civil Revocation process and record types.
- Add new disqualification rule(s) and action module(s) to disqualify a driver for civil revocation offense occurring in CMV or if holding CDL at the time of offense.
- Add 'S' endorsement business rules and coding for acceptance in Certification process.
- Change fee structure to accept new 'S' endorsement.
- Add new correspondence for 'S' endorsement including CDL with P endorsement prerequisite.
- Change Customer Merge process to accept changes in business rule logic.

The Department of Transportation (DOT) estimates that 1,620 hours will be required for these changes at \$80 per hour (\$129,600) plus computer overhead charges of \$11,280 for a total of \$141,420.

DMV notes that it has received federal funds from the Federal Motor Carrier Safety Administration to make certain changes to SADLS related to motor carriers and that some of the above tasks can be made using those funds. An estimate as to how much of the work would be covered with federal funds is not available.

### Revenues

Additional revenues to the Highway Fund will come from grandfathering current school bus drivers, who apply and meet the requirements of the bill, during the two-year period October 1, 2003 to September 30, 2005. DMV estimates that 40,000 applicants will qualify. The drivers who are grandfathered will have to pay a total of \$15 for a new license. This includes a statutory \$10 CDL duplicate license fee plus a \$5 duplicate license fee for the "S" endorsement. Total revenues would be 40,000 applicants at \$15 per license, or \$600,000. It is assumed here that the revenues are received as follows: \$225,000 in FY03-04, \$225,000 in FY04-05, and \$150,000 in FY05-06.

Eventually, drivers who get an "S" endorsement will pay \$10 more per year than drivers who currently get an "S" restriction. Under current law, an "S" restriction costs \$2.50 per year. An "S" endorsement will cost \$10 per year for the CDL license plus \$1.25 for the required "P"

endorsement and \$1.25 per year for the “S” endorsement, for a total of \$12.50 per year, or an increase of \$10 over what the customer has been paying. Licenses are issued for five years, so the total would be \$50 of additional payments at the time of application. DMV estimates that this will apply to approximately 9,500 persons per year beginning in FY05-06, or \$475,000 for a full fiscal year and three quarters of that, or \$356,250, for the nine months of fiscal year FY05-06. The bill would allow drivers to get these endorsements starting October 1, 2003 but it is assumed here that few will do so and no estimate is given for the time period when grandfathering is permitted.

**SOURCES OF DATA:** Division of Motor Vehicles

**FISCAL RESEARCH DIVISION:** (919) 733-4910

**PREPARED BY:** Bob Weiss

**APPROVED BY:** James D. Johnson, Director, Fiscal Research Division

**DATE:** June 4, 2003



**Signed Copy Located in the NCGA Principal Clerk's Offices**