

FILED MAR 06 2006

SENATE FILE 2331

BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 3221)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to fees retained by county treasurers for the
2 issuance of driver's licenses and nonoperator's identification
3 cards.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2331

1 Section 1. Section 321M.9, subsection 1, Code Supplement
2 2005, is amended to read as follows:

3 1. FEES TO COUNTIES. Notwithstanding any other provision
4 in the Code to the contrary, the county treasurer of any
5 county authorized to issue driver's licenses under this
6 chapter shall retain for deposit in the county general fund
7 seven ten dollars of fees received for each issuance or
8 renewal of driver's licenses and nonoperator's identification
9 cards, but shall not retain any moneys for the issuance of any
10 persons with disabilities identification devices. The county
11 treasurer shall remit the balance of fees to the department.

12 EXPLANATION

13 This bill increases the amount of fees retained by a county
14 treasurer for issuance or renewal of driver's licenses and
15 nonoperator's identification cards from \$7 to \$10 per
16 transaction.

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**Fiscal Services Division
Legislative Services Agency
Fiscal Note**

SF 2331 – Driver's Licenses, Local Issuance Fees (LSB 6533 SV)

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Fiscal Note Version – New

Description

Senate File 2331 provides that county treasurers will retain \$10.00 instead of \$7.00 for each issuance or renewal of a driver's license or nonoperator identification card effective FY 2007.

Background

There are currently 81 counties that issue or renew drivers' licenses or nonoperator identification cards through county treasurer offices. The Department of Transportation (DOT) issues or renews licenses and cards from permanent stations in the remaining 18 counties. The county treasurers retain a portion of moneys collected from each license or card issued or renewed. The moneys are deposited into the counties' general fund. Remaining moneys are remitted to the DOT and credited to the Road Use Tax Fund.

Prior to FY 2004, county treasurers retained \$3.75 from each driver's license or nonoperator identification card issued. Senate File 97, enacted by the 2003 General Assembly, allowed county treasurers to retain \$5.00 instead of \$3.75 for each license or card issued in FY 2004 and FY 2005 (setting an expiration date of July 1, 2005). The Act also required the DOT, in conjunction with county treasurers, to conduct a study of the county issuance of driver's licenses, to determine the appropriate fee to be retained by county treasurers. The DOT and treasurers used two different methods for determining costs, resulting in different results. The treasurers determined the cost per license or card issued or renewed to be between \$5.91 and \$27.66, while the DOT determined the cost to be \$3.85 per issuance or renewal.

House File 2433, enacted by the 2004 General Assembly, repealed the July 1, 2005, expiration date set forth in SF 97, allowing county treasurers to retain \$7.00 instead of \$5.00 for each issuance effective FY 2005. The Act also required the State Auditor, in consultation with the DOT and the Iowa County Treasurers Association, to conduct a study on the fiscal impact of the county issuance of driver's licenses. The Act required the State Auditor to report findings and recommendations to the General Assembly by January 1, 2006, and to repeat the study every four years thereafter. The recommendations are to be considered by the General Assembly in adjusting the amount of fees retained by county treasurers for the issuance of driver's licenses or nonoperator identification cards.

The Report completed by the State Auditor in January 2006 concluded that the cost to issue or renew a driver's license or nonoperator identification card in FY 2005 ranged from \$3.65 to \$19.62 per issuance at county treasurer offices and from \$9.36 to \$31.34 per issuance at DOT locations. The Report stated that in FY 2005, county treasurers collected an estimated \$5.1 million and retained approximately \$2.5 million of that amount.

In FY 2005, an estimated 1,002,458 drivers' licenses and nonoperator identification cards were issued or renewed. Of that amount, 357,976 (35.7%) were issued through the 81 county treasurer offices, while 644,482 (64.3%) were issued at the 18 DOT stations.

Assumptions

10. The fees collected for the issuance or renewal of driver's licenses or nonoperator identification cards vary from \$1.00 for an address or name change to \$40.00 for a five-year commercial driver's license. The county treasurers will retain \$10.00 per issuance or renewal, regardless of the fees collected.
11. The number of drivers' licenses and nonoperator identification cards that will be issued or renewed in FY 2007 and subsequent years is unknown. This analysis assumes 1,000,000 will be issued annually in FY 2007 and beyond, of which 36.0% (360,000) will be issued through the county treasurer offices and 64.0% (640,000) at the DOT stations.

Fiscal Impact

The estimated fiscal impact of SF 2331 is an increase in revenue of \$1.1 million to the general fund of counties and a decrease of the same amount to the Road Use Tax Fund in FY 2007 and beyond. The counties' general fund increase includes the 81 counties that issue drivers' licenses and nonoperator identification cards through county treasurer offices.

Sources

Department of Transportation

County Issuance of Driver's License Studies:

- County Treasurers' Consultant Report, September 2003
- DOT Activity Survey Study, October 2003
- State Auditor's Report: "A Review of the Driver's License Issuance Program Administered by the Department of Transportation and the County Treasurers," January 2006

/s/ Holly M. Lyons

March 7, 2006

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 Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

Kibbie co-chair
Kettering co-chair
Hatch
Zieman

Succeeded By
SF HF 233/

SSB# 3221
State Government

SENATE FILE _____

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CO-CHAIRPERSONS HORN
AND MCKIBBEN)

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Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

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