

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1460

Bill Subtitle: TO REQUIRE A VALID DRIVER'S LICENSE FOR MOTOR VEHICLE REGISTRATION; AND TO REQUIRE A SYSTEM TO LINK DRIVER'S LICENSE NUMBERS AND MOTOR VEHICLE REGISTRATION FOR CERTAIN VEHICLES.

Basic Change :

Representative Neal

Senator Jon Woods

This bill will require driver's license number of the owner of a motor vehicle to be produced and verified when a motor vehicle is registered, if the owner is a corporation, the corporation will be required to provide the driver's license number for each person who will operate a motor vehicle and issuing governmental entity for each person authorized to drive a motor vehicle. The bill will also require implementation of a new system to link the driver's license numbers and motor vehicle registration for certain vehicles.

Revenue Impact :

No direct Revenue Impact

Taxpayer Impact :

This bill would not allow vehicle registration if the owner or named driver does not have a valid driver's license. Therefore, many elderly or disabled persons who buy cars and have caretakers or others drive them would be precluded from vehicle ownership as they would not be able to register a vehicle without a driver's license, if they could not obtain a driver's license due to their disability. Most vehicles are jointly owned, if a valid driver's license is required for the owner(s) then, the other innocent owner(s) would be unable to operate the vehicle if another operator had a suspended license. Individuals or agents could not apply for title and registration on behalf of other individuals. A driver's license is valid only at any given time and can become invalid due to suspension, revocation, or expiration possibly the day after used to register a vehicle. Also, driver's licenses are issued for 4 years, and have a different expiration date than the motor vehicle(s) with which they are associated. Large companies, cities, counties and state agencies would be inconvenienced as such entities utilize multiple drivers' for their fleets that change on a daily basis as employees change. Companies that rent vehicles to others on a short-term basis have changing drivers constantly. Individuals or agents could not apply for title and registration on behalf of other individuals.

Resources Required :

A process to handle corporate vehicles to meet the requirements of the bill would take a significant new development of business processes and system functionality, this is estimated to cost \$3.5 Million and, with continuing maintenance cost of \$600,000 per year. (It may not be possible to verify driver's license information from other states or government issued sources) The requirements found in Section 4 requiring a new system to link motor vehicles and insured driver's and monitor compliance would require real time verification of insurance which does not currently exist. Costs for 3rd party real time insurance verification are estimated at \$550,000 a year. (Arkansas does not currently require real time online insurance verification. Therefore, we can't consistently verify insurance through this method to meet the requirement in the bill.) Multi-year registrations, online renewal, renewal by phone, and renewal by mail will require system changes that would require significant and costly programming changes for both DFA and third party providers. These changes will also require 20 additional personnel. First year salary would be \$650,000, and first year equipment cost would be

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1460

Bill Subtitle: TO REQUIRE A VALID DRIVER'S LICENSE FOR MOTOR VEHICLE REGISTRATION; AND TO REQUIRE A SYSTEM TO LINK DRIVER'S LICENSE NUMBERS AND MOTOR VEHICLE REGISTRATION FOR CERTAIN VEHICLES.

\$100,000 for a total first year cost of \$750,000. Second year salary would be \$650,000.

Time Required :

It is impossible to meet the implementation requirements in Section 1, new 4(A) requiring that the driver's license information capture begins on the first day of the first calendar month following the effective date of this act. The earliest date that the system changes necessary to capture this information could be implemented is January 1, 2014. Programming necessary to develop the system to link the driver's license numbers and motor vehicle registration for certain vehicles will require approximately one year of development, and would not be completed prior to October 1, 2014.

Procedural Changes :

The bill will require every vehicle owner to be a licensed driver and to present their driver's license at vehicle registration. The license information must be verified, and the vehicle cannot be registered if the owner or any named driver does not have a valid driver's license. Also this bill will require the development of a system to match driver's license and motor vehicle information.

Other Comments :

Lines and wait times in Revenue Offices would increase and additional personnel would be needed. Revenue Office personnel would be required to enter the name, driver's license number and governmental agency that issued every driver's license on every vehicle registration. This information must be verified before the vehicle title and registration could be issued. Military personnel and person's holding driver's licenses from other states or countries may have to wait a period of time before the Arkansas vehicle title and registration can be issued to allow adequate time to verify that the military or other driver license is currently valid. In the case of corporations, each name authorized would need to be entered and verification would be needed to assure that that the driver's license of each person listed was not suspended, revoked, or expired. Verifying the validity of a driver's license from another state or government entity issued could be very difficult. This bill would create many problems with our Motor Vehicle, and Driver's License processing systems. The bill does not specifically mention vehicle renewal, and therefore may be construed to apply only to the initial registration of a vehicle.

Legal Analysis :

HB1460 amends Arkansas law concerning the information that must be produced along with a motor vehicle registration application and the method by which the Office of Motor Vehicle monitors compliance with minimum motor vehicle insurance coverage requirements.

The bill amends Ark. Code Ann. § 27-14-705(b) to require that each application for a new or used motor vehicle registration and certificate of title contain the driver's license number and "issuing official governmental entity" for the individual owner of the vehicle. In the case of a corporation, this information must be supplied for each person authorized by the corporation to drive the vehicle. This requirement applies only to Class One, Two, and Three pleasure vehicles and Class One trucks. This requirement will begin on the first day of the first calendar month following the effective date of the act.

The bill also amends Ark. Code Ann. § 27-14-710, which concerns the authority of the Office of Motor

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1460

Bill Subtitle: TO REQUIRE A VALID DRIVER'S LICENSE FOR MOTOR VEHICLE REGISTRATION; AND TO REQUIRE A SYSTEM TO LINK DRIVER'S LICENSE NUMBERS AND MOTOR VEHICLE REGISTRATION FOR CERTAIN VEHICLES.

Vehicle to refuse to register and title a motor vehicle. The bill adds as grounds for refusal the lack of a valid driver's license of the owner or named driver of the vehicle. As amended, this section adds a definition of the term "valid driver's license" to mean a driver's license issued by the Arkansas Office of Motor Vehicle, another state, a branch of the U.S. armed services, or a country with which Arkansas has a reciprocal driver's license agreement. The term also refers to a driver's license that is not currently expired, suspended, revoked, or canceled. This provision of the bill does not list an effective date.

The bill amends Arkansas law to add a provision requiring the Office of Motor Vehicle to develop a system to monitor compliance with minimum insurance requirements and to ensure that drivers hold a valid driver's license. The system must link each registered motor vehicle with the name on the automobile insurance policy, the driver's license number, and the governmental entity that issued the license. The Office of Motor Vehicle must implement this system by July 1, 2014. The bill does not provide any other guidance or direction with regard to the system.