

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 2
 Bill Version CSHB 180(STA)
 (H) Publish Date 4/1/11

Identifier (file name) CSHB180-DOA-DMV-03-25-11 Dept. Affected Administration
 Title Veteran Designation on Driver's License Appropriation Motor Vehicles
 Allocation Motor Vehicles
 Sponsor Representative(s) Saddler, Feige, Herron, Fairclough, Lynn
 Requester House State Affairs OMB Component Number 2348

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	57.2		0.0	0.0	0.0	0.0	0.0	0.0
Commodities	8.3		17.9	0.0	0.0	0.0	0.0	0.0
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	65.5		17.9	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES	1005 GF/PR	154.0	308.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts	65.5		17.9	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health								
Other (please identify)								
TOTAL	65.5		17.9	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

- 1) Provided additional information on programming costs.
- 2) Reduced the estimated percentage of qualifying veterans who opt for the designation from 75% to 50%, based on comments made in the House Military & Veterans' Affairs committee meeting. This reduces both the cost for duplicate cards and the revenue from providing duplicates.
- 3) Allocation of costs and revenue between FY12 and FY13 resulting from the change in effective date.

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 Date/Time 3/25/11 12:30 PM
 Date 3/25/2011

Analysis

Expenditures

- 1) The Division of Motor Vehicles' (DMV) antiquated database is almost 30 years old; the way it was programmed makes it difficult to effect even minor changes.
 - a) Add a 'veteran' field to DMV's database - 160 contract hours
The field must be added to 40-50 programs within the database; each program will have to be tested prior to deployment. Since DMV shares data with Dept of Public Safety, a field will also need to be added to the shared program, then tested and deployed.
 - b) Redesign the driver's licenses and ID cards to accommodate the designation - 160 contract hours
With the current license/ID design, there is no space to add a designation. Either the font will need to be reduced and/or items rearranged to accommodate the veteran designation. DMV issues 40 different types of licenses and IDs. Each type will have to be modified, tested, and deployed.
 - c) Create a reporting feature for notification to DMVA - 80 contract hours
The bill does not specify exactly what would be required. The 80 hour estimate is based on producing a scheduled weekly mainframe report showing additions only.

Estimated hours: 400

Cost per hour: \$143 (this is the contract rate per the State's task order system for IT professional services)

Total programming cost: 400 x \$143 = \$57,200

- 2) Cost to produce duplicate licenses/IDs for existing population of Alaska veterans. DMV anticipates that 50% of qualified veterans will opt for the designator within the first year. Of those who opt for the designation in the first 12 months after the March 1, 2012 effective date, approximately one-fifth will have licenses/IDs that expire within those first 12 months; DMV will be required to issue duplicate licenses/IDs to the remaining four-fifths of veterans opting for the designator within the first 12 months.

77,000 Quantity of veterans in Alaska as of 09/30/10 per U.S. Dept. of Veterans Affairs

x 50% Estimated percentage of veterans opting for the designator in the first 12 months

38,500 Quantity of veterans opting for the designation

x 80% Percentage of veterans who will obtain duplicate licenses/IDs (the designation will be added on the license/ID of 20% when the veteran comes in for renewal during the first 12 months)

30,800 Quantity of veterans obtaining duplicate licenses/IDs in the first 12 months

x \$.85 Cost per license/ID for printer ribbon, laminate, and card

\$ 26,180 Total cost to produce duplicate driver's licenses /IDs in the first 12 months (03/01/12-02/28/13)

\$ 8,268 Cost to produce duplicate cards in **FY12** (03/01/12-06/30/12)

\$ 17,912 Cost to produce duplicate cards in **FY13** (07/01/12-02/28/13)

Revenue

30,800 Quantity of veterans obtaining duplicate licenses in the first 12 months

x \$15 Duplicate license fee

\$ 462,000 Estimated additional revenue collected in the first 12 months (03/01/12-02/28/13)

\$ 154,000 Estimated additional revenue collected in **FY12** (03/01/12-06/30/12)

\$ 308,000 Estimated additional revenue collected in **FY13** (07/01/12-02/28/13)

Performance Measures

DMV currently produces about 270,000 driver's licenses and identification cards each year. The anticipated additional 30,800 customers in the twelve months following implementation will impact DMV's ability to meet the performance measure of serving customers in an average of 20 minutes or less.