

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6268
BILL NUMBER: HB 1138

NOTE PREPARED: Dec 31, 2020
BILL AMENDED:

SUBJECT: Driving Cards.

FIRST AUTHOR: Rep. Campbell
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides for the issuance of driving cards and driving card learner's permits (cards) to residents of Indiana who cannot provide proof of identity and lawful status in the United States. It provides that the cards may not be used for federal identification or any other federal purpose. The bill also requires that an individual who holds a card and operates a motor vehicle must verify that financial responsibility on any motor vehicle that the holder operates is continuously maintained in the amounts required by law. It also makes conforming amendments and makes technical corrections.

Effective Date: Upon passage; July 1, 2021.

Explanation of State Expenditures: Summary: This bill is expected to increase one-time Bureau of Motor Vehicles (BMV) Commission Fund expenditures by approximately \$927,000 in FY 2021 to issue a new license type.

BMV expenditures in FY 2022 and after would depend on (1) population growth, (2) new credential applicants, and (3) the renewal period for credentials first issued during FY 2021. If demand for the credential in subsequent years is not substantial, it is possible the BMV could process requests for these credentials with FY 2021 staffing levels.

Additional Information: The BMV reports the cost to redesign two new credentials as required under the bill would be approximately \$927,000 for the new credentials. Of this amount, approximately \$825,000 would be paid to the BMV's vendor to create the new credentials and \$102,000 would include information technology costs associated with offering the new credentials. The total demand for these credentials is unknown, but expected to come from the undocumented immigrant population in the state. The bill could

increase BMV administrative costs to (1) process and review applications for compliance with requirements contained in the bill and (2) provide a new license type.

Explanation of State Revenues: *Summary:* This bill could increase state revenue for requests of the credential created in the bill. If there are 8,900 requests for the credentials created in the bill, fee revenue to the state could increase by \$144,400. This estimate is based upon the reported 8,900 Deferred Action Against Childhood Arrivals (DACA) recipients in Indiana as of June 2020. This population is used as a proxy to estimate who might be the most interested in obtaining the credentials created by the bill. However, additional individuals could be interested in these credentials beyond those participating and eligible for DACA.

The bill could also increase state General Fund revenue by requiring individuals who hold driving cards to maintain financial responsibility.

Additional Information: Licensing Fees– The current fees for an operator’s license and a learner’s permit are included in the following table. The new credentials have the same fee amounts as the current operators license and learner’s permit.

Fund	Operator’s License Revenue	Learner’s Permit Revenue
Motor Vehicle Highway Account	\$4.50	\$0.25
Crossroads 2000 Fund	\$2.00	\$2.00
BMV Technology Fund	\$0.50	\$0.50
Integrated Public Safety	\$1.25	\$1.25
BMV Commission Fund	\$9.25	\$5.00
Total	\$17.50	\$9.00

The BMV reports that 85% of annually issued credentials are operator’s licenses and 15% are learner’s permits. Assuming a similar distribution for these 8,900 individuals, the Motor Vehicle Highway Account (MVHA), Crossroads 2000, BMV Technology Fund, Integrated Public Safety Communication Fund, and the BMV Commission Fund will receive additional revenue. Total increases to these funds from 8,900 credential requests is included in the following table.

BMV Credential Revenue Distribution to Each Fund	Estimated revenue from 8,900 credential requests
MVHA	\$34,375
Crossroads 2000	\$17,800
BMV Technology	\$4,450
Integrated Public Safety Communication	\$11,125
BMV Commission Fund	\$76,650

Revenue increases to the MVHA will benefit the State Highway Fund. Based on these projections, the State Highway Fund is expected to receive approximately \$21,300 in revenue.

Financial Responsibility: Domestic insurers have the option to pay taxes on insurance premiums written in the state or to pay the adjusted gross income (AGI) tax. Foreign insurers are required to pay taxes on premiums written in the state, and some foreign insurers are assessed additional retaliatory taxes. In these cases, the minimum tax rate would be 1.3% of written premiums. Revenue received from the AGI tax and insurance premium tax is deposited in the state General Fund.

If this bill results in additional insurance policies sold in the state, the state General Fund could receive additional revenue, but any increase is indeterminable.

Explanation of Local Expenditures:

Explanation of Local Revenues: Revenue increases to the MVHA will also result in local revenue increases for highway construction and maintenance. Approximately 38% of MVHA revenue is forwarded to local units of government. For 8,900 credential requests, local units of government are expected to receive approximately \$13,100 in revenue.

State Agencies Affected: BMV; INDOT.

Local Agencies Affected: Local recipients of MVHA funding.

Information Sources: Tamytha Cooper, BMV; Stephen Leak, BMV; Migration Policy Institute; U.S. Citizenship and Immigration Services; U.S. Department of Homeland Security; National Immigration Law Center, National Conference of State Legislatures.

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