

# Briefings



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## Legislation Should Result in Improved Driver License Services for Floridians

*Care should be taken that the proposal is revenue and cost neutral*

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Legislation being considered by the 2002 Florida Legislature could have a positive impact on the driver license services Floridians receive by increasing the participation of tax collectors in the provision of those services. Over the years, some tax collectors have begun to provide driver license services in tandem with the Florida Department of Highway Safety and Motor Vehicles (DHSMV) through its Division of Driver Licenses. It is generally thought that this has led to improved customer service.

Last year, the Legislature began a process to increase the involvement of tax collectors, and legislation this year (SB 2224 and HB 1777) would continue that process.

Currently, 23 tax collectors provide some driver license services. Eleven are sole providers-DHSMV has no physical presence in those counties-and 12 provide partial service. Currently when drivers get their licenses in a tax collector's office, they pay an additional \$5.25 (on top of the \$20 base fee). That surcharge is not added to licenses obtained from DHSMV offices.

The new legislation would end that surcharge and instead give tax collectors a portion of the state fee charge for various drivers license services. There are different fees for different services, but, for example, the \$20 fee for an original license would be split, giving \$13 to the tax collector and \$7 to the state's general revenue fund.

Last year, the Legislature passed a law allowing tax collectors to apply to DHSMV to become "exclusive agents" for providing driver license services in their counties. The bill also created the Cost Determination and Allocation Task Force to recommend the allocation of cost between the department and tax collectors on a revenue neutral basis so that it did not result in lost revenue to the state or unreimbursed costs for tax collectors.

The Task Force released its report in December 2001 and recommended a couple of fee split options. The legislation being considered this session incorporates one of those options. The Task Force

concluded that the fee split was "revenue neutral" or that the revenue diverted to tax collectors could be offset by reductions in DHSMV's budget. The Task Force members from the department disagreed (The Task Force was made up of four tax collectors, two people from DHSMV and one member of the Governor's staff.). The minority report asserted that the proposal would cost the state \$6.2 million.

It appears that the currently proposed revenue split may cost the state money, but it should be far less than the \$6.2 million claimed in the minority report. For one thing, not all tax collectors will take on this responsibility. For example, Dade and Broward have shown no interest in doing this and those two counties alone account for \$2.4 million of the added cost.

Twenty-six tax collectors applied to be "exclusive agents" before the deadline. Using the state's numbers, the added cost of those counties taking over driver license services would be \$1.383 million.

One factor the estimates of added costs do not consider is the cost of office space in state-owned buildings. The estimate of that cost provided by the tax collectors (\$6.1 million) appears to be overstated, but this element should be taken into account. The Division of Drivers Licenses uses 138,320 square feet of state-owned space for these services. In counties where the tax collector takes over, this space could be leased to them. At the state rate of \$14.14/square foot, this would raise almost \$2 million. Again, not all tax collectors will be doing this, and we have not determined how much space is in the counties that have applied, but this would lower the cost of making the switch.

## **Conclusion**

Competition is good for government, and it should not just be public vs. private sector. Competition between government entities can also result in improved services or decreased costs. Bringing more tax collectors into the mix of driver license services should result in improved customer service. In addition to increased locations and co-locations with other tax collector services, having an elected official directly responsible for customer service should improve that service. The Division of Driver Licenses has absorbed a number of budget cuts in recent years, offices have closed and customer service has suffered.

Some tax collectors have also indicated that the current system is not sufficient to cover their costs, and, if legislation is not passed to address this, they will have to pull out of drivers license service provision. This would have a significant negative impact on the customers in those counties. In this current budget environment, it is doubtful that this loss would be addressed. In addition, citizens using tax collector offices would no longer have to pay the \$5.25 surcharge.

Care must be taken that the plan does not reduce net general revenue collection and that the state does not incur excessive added costs. It appears that the current plan would result in added costs, but that cost next year should be less than \$1 million. A small increase in costs may be acceptable for

improved customer service. However, if the Legislature wants to assure that there is no added cost, the fee structure could be revised. It must be remembered that this is a voluntary program for the tax collectors and they must be approved by DHSMV. If the arrangement does not work for either party in a particular county, it does not have to happen.

The state's Consensus Estimating Conference and legislative appropriations committees should review the proposed fee structure to ensure that the actual cost is determined and that the impact on the General Revenue Fund is minimized. The legislation will have a direct negative impact on state general revenue receipts. Provisions must be made to ensure that appropriations made to the Division of Drivers Licenses for work to be performed by tax collectors revert back to general revenue. The Division's appropriations are a mix of general revenue and trust funds.

Last year, the Legislature made a commitment to use tax collectors to help improve driver license services in the state. This Legislation can further that goal.

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