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South Carolina Revenue and Fiscal Affairs Office statement of estimated fiscal impact S.0018

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SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0018 Introduced on January 8, 2019
Author: Hutto
Subject: Ignition Interlock Restricted License
Requestor: Senate Judiciary
RFA Analyst(s): Wren, Gardner and Mitchell
Impact Date: February 1, 2019

Fiscal Impact Summary

We do not expect that this bill will have an expenditure impact on the Department of Motor Vehicles (DMV) in FY 2019-20. In similar legislation in 2018, DMV indicated that any necessary programmatic changes could be accomplished within the normal course of agency business. We requested updated information from DMV and will update this impact statement if we receive a different response.

Based on the response received in similar legislation in 2018, we anticipate that this bill will increase recurring Other Funds expenses of the Department of Probation, Parole, and Pardon Services (PPP) by approximately \$481,600 for 8 new FTEs beginning in FY 2019-20. Non-recurring Other Funds expenses of PPP are expected to total \$104,300 for updates to the Ignition Interlock Management System, computer equipment, and office furniture in FY 2019-20. However, the increase in Other Funds expenses of PPP is expected to be offset by an increase in Other Funds revenue. We requested updated information from PPP and will update this impact statement if we receive a different response.

The bill will have no expenditure impact on the Department of Alcohol and Other Drug Abuse Services (DAODAS) in FY 2019-20 since the bill does not alter the responsibilities of the agency.

Based upon similar legislation in 2018, the Judicial Department and the Administrative Law Court indicated that if there was an increase in caseloads that the respective departments would absorb any expenditure impact on the General Fund using current appropriations. Therefore, we do not expect this bill to have an expenditure impact on the Judicial Department or the Administrative Law Court in FY 2019-20. We requested updated information from the Judicial Department and the Administrative Law Court and will update this impact statement if we receive different responses.

Based upon similar legislation in 2018, the revenue impact on the General Fund, Other Funds of the Department of Public Safety, and Other Funds of the Department of Transportation is undetermined. Based upon data provided in 2018, the number of individuals that would choose to obtain an ignition interlock restricted driver's license in lieu of suspension or denial of a driver's license is unknown. Additionally, individuals who currently hold route-restricted and provisional driver's licenses would be eligible to obtain an ignition interlock restricted driver's license. The number of individuals that would choose to obtain an ignition interlock restricted

driver's license in lieu of a route-restricted or provisional driver's license is unknown. We requested updated information from DMV and will update this impact statement if we receive a different response.

PPP indicated in similar legislation in 2018 that the bill could increase Other Funds revenue by \$1,638,000 in FY 2019-20 due to the increase in the number of individuals that may choose to enroll in the Ignition Interlock Device Program. Further, PPP indicated that the increase in Other Funds revenue of the department would be used to offset expenses associated with the bill. We requested updated information from PPP and will update this impact statement if we receive a different response.

Explanation of Fiscal Impact

Introduced on January 8, 2019

State Expenditure

This bill allows an individual under the age of twenty-one to enroll in the Ignition Interlock Device (IID) Program and obtain an ignition interlock restricted license in lieu of serving the remainder of a suspension or denial of the issuance of a license or permit. The ignition interlock device is required to be affixed to the motor vehicle equal to the length of time remaining on the person's suspension or denial of the issuance of a license or permit. The individual must receive credit for the number of days the person maintained an ignition interlock restriction on the temporary alcohol license. Once an individual has enrolled in the IID Program and obtained an ignition interlock restricted license, the individual cannot subsequently choose to serve the suspension. Also, within thirty days of the issuance of the notice of suspension, an individual may request a contested case hearing before the Office of Motor Vehicle Hearings and enroll in the IID Program. If an individual enrolls in the IID Program, the temporary alcohol license must contain an ignition interlock restriction for three months. If the contested case hearing has not reached a final disposition within three months, the individual may obtain a temporary alcohol license without an ignition interlock restriction. The bill also allows a habitual offender to enroll in the IID Program and obtain a license with an ignition interlock restriction. The bill also eliminates provisional driver's licenses for first offenses unless the offense occurred prior to the effective date of the bill. Additionally, the bill requires that an ignition interlock restriction be placed on a temporary alcohol license for three months and deletes the reference to route restricted driver's licenses. The bill takes effect one year after approval by the Governor.

Department of Motor Vehicles (DMV). In similar legislation in 2018, DMV indicated that any programmatic changes associated with the provisions of the bill could be managed within current appropriations. Therefore, the bill is not expected to have an expenditure impact on the department. We requested updated information from DMV and will update this impact statement if we receive a different response.

Department of Probation, Parole, and Pardon Services (PPP). This bill allows South Carolina drivers who have either been charged with the administrative suspension of Implied Consent or convicted of a first offense DUI to end their license suspension by enrolling in the IID Program. The department is responsible for administering the program, including monitoring data downloads and photographs from vehicles, responding to violations and

inquiries from drivers, and attending Office of Motor Vehicle appeal hearings. PPP indicated in similar legislation from 2018 that it would need to hire additional staff, including six staff members (Program Coordinator I positions) to administer the IID Program, as well as two hearing officers (Administrative Hearing Officer III positions) to review violations and respond to driver appeals.

PPP indicated in similar legislation in 2018 that the salary and fringe cost for each Program Coordinator I would be \$56,000, for a total of \$336,000. The department intended to use funds generated by the IID Program (see State Revenue section) to cover both the cost of these salaries and the \$100,000 needed to administer required updates to the Ignition Interlock Management System (IIMS). Therefore, the department indicated in 2018 that there would be a recurring Other Funds expenditure impact of \$336,000 beginning in FY 2019-20 and a non-recurring Other Funds impact of \$100,000 in FY 2019-20. We requested updated information from the department and will update this impact statement if we receive a different response.

PPP indicated in 2018 that the salary and fringe total for each Administrative Hearing Officer III would be \$72,800, which would result in a recurring expenditure impact of \$145,600 on the General Fund beginning in FY 2019-20. The department would also incur non-recurring Other Funds expenses of \$4,300 for computers and office furniture for the Administrative Hearing Officer III positions. We requested updated information from the department and will update this impact statement if we receive a different response.

Further, the department indicated in 2018 that it would use Other Funds (comprised of fees obtained via the IID fund) to cover the cost of salaries and fringe for the eight new FTEs as well as necessary computer and office equipment. Therefore, based upon data provided by the department in 2018, we do not expect that this bill will have an expenditure impact on the General Fund. We requested updated information from the department and will update this impact statement if we receive a different response.

Administrative Law Court. The department indicated in similar legislation in 2018 that the bill created a new offense, and there was no data available to determine the number of additional hearings that would be heard in the Office of Motor Vehicle Hearings. Further, if there was an increase in caseloads, the department would absorb any expenditure impact on the General Fund using current resources. We requested updated information from the department and will update this impact statement if we receive a different response.

Judicial Department. The department indicated in similar legislation in 2018 that this bill created a new offense and there was no data available to determine the number of additional hearings or trials that would be heard in general sessions courts. Further, if there was an increase in caseloads, the department would absorb any expenditure impact on the General Fund using current resources. We requested updated information from the department and will update this impact statement if we receive a different response.

Department of Alcohol and Other Drug Abuse Services (DAODAS). DAODAS indicates that the bill does not materially alter the expenditures of the department. DAODAS is currently responsible for determining treatment for individuals that participate in the Ignition Interlock

Program and is already responsible for notifying DMV of a person's completion and compliance with the program. Participants of the program bear the costs of treatment. Any increase in program enrollment will be offset by the fees paid to the agency by the participant. Therefore, any potential expenditure impact is expected to be managed within the agency's existing appropriations.

State Revenue

This bill allows individuals who are under the age of twenty-one to enroll in the IID Program and obtain an ignition interlock restricted license in lieu of serving the remainder of a suspension or denial of the issuance of a license or permit. Also, the bill allows habitual offenders to enroll in the Ignition Interlock Device Program and obtain an ignition interlock restricted driver's license. Additionally, the bill deletes references to route restricted and provisional driver's licenses. Further, the bill allows the Department of Probation, Parole, and Pardon Services (PPP) to charge an initial annual fee on the manufacturer's application for certification of each ignition interlock device and a subsequent fee for every year the manufacturer continues to provide the certified device to drivers in this state. The fee must be remitted to the Ignition Interlock Device Fund for use by PPP in the support of the Ignition Interlock Device Program.

The fee for an ignition interlock restricted license is \$100 and is allocated to the State Highway Fund of the Department of Transportation (DOT). In similar legislation in 2018, DMV indicated that in FY 2016-17 there were 47 suspensions or denials of driver's licenses or permits for first offenders. However, the number of first offenders that may opt to obtain an ignition interlock restricted license in lieu of serving the remainder of a suspension or denial of the issuance of a license or permit was unknown. Also, DMV indicated that in FY 2016-17 there were 3,089 individuals who were deemed as habitual offenders. The number of habitual offenders that may obtain an ignition interlock restricted license was unknown. Therefore, the revenue impact on the State Highway Fund of DOT was undetermined. We requested updated information from the department and will update this impact statement if we receive a different response.

In similar legislation in 2018, DMV indicated that individuals who currently hold a route-restricted driver's license would be eligible to receive an ignition interlock restricted driver's license under the provisions of the bill. The fee for a route-restricted driver's license is \$100, with \$80 allocated to the State Highway Fund and \$20 to the Non-Federal Aid Highway Fund of DOT. Further, DMV indicated that there were 796 route-restricted driver's licenses in FY 2016-17. The number of individuals who will choose to obtain an ignition interlock restricted driver's license was unknown. Therefore, the shift in revenue from the Non-Federal Aid Highway Fund to the State Highway Fund was undetermined. We requested updated information from the department and will update this impact statement if we receive a different response.

In similar legislation in 2018, DMV indicated that individuals who currently hold provisional driver's licenses would be eligible to receive an ignition interlock restricted driver's license. The fee for a provisional driver's license is \$100, with \$95 allocated to the General Fund to be used by the Department of Public Safety (DPS) in the hiring, training, and equipping members of the State Highway Patrol and Transportation Police. The remaining \$5 is credited to the State Highway Fund. Further, DMV indicated that there were 2,013 provisional driver's licenses in FY 2016-17. The number of individuals who would choose to obtain an ignition interlock

restricted driver's license in lieu of a provisional driver's license was unknown. Therefore, the shift in funds from DPS to the State Highway Fund was undetermined. We requested updated information from the department and will update this impact statement if we receive a different response.

The bill requires individuals who are issued temporary alcohol licenses to have an ignition interlock device installed on any motor vehicle driven by the individual and to have the ignition interlock restricted placed on the individual's driver's license. In similar legislation in 2018 DMV indicated that there was no additional fee to add the ignition interlock restriction to a temporary alcohol license. Therefore, this section of the bill would have no revenue impact to the General Fund, Other Funds, or Federal Funds. We requested updated information from the department and will update this impact statement if we receive a different response.

DAODAS is currently responsible for determining treatment for individuals that participate in the Ignition Interlock Program and is responsible for notifying DMV of a person's completion and compliance with the program. However, participants of the program bear the costs of treatment. The cost of treatment may not exceed \$500 for education services, \$2,000 for treatment services, and \$2,500 in total for all services. It is anticipated that any increase in the number of participants will be offset by the fees paid to the agency. Therefore, this bill is not expected to have a significant revenue impact on the agency since any potential increase in revenue will be used to offset the costs of the program.

In similar legislation in 2018, PPP projected that initial annual fees on the manufacturer's application for certification for each IID would result in an increase in Other Funds by \$1,638,000. Further, the department indicated in 2018 that the application fee was \$360 per device and estimated that it would enroll an additional 4,550 participants each year based on the following presumptions, which used 2017 eligibility and enrollment data from the IIMS:

1. The current percentage rate of participation in the IID Program for first offense DUI with Blood Alcohol Content less than 0.15 is 15 percent. The 2017 data for all DUI first convictions not participating in the IID Program is 6,278. Multiplying these figures results in 941 new drivers ($6,278 * 15$ percent = 941 new drivers).
2. If 50 percent of the 9,010 Implied Consent suspended drivers from 2017 who did not participate in the IID Program filed an appeal to obtain the Temporary Alcohol License with the IID for 90 days, there would be 1,126 new drivers who enroll in the IID Program [$9,010 * 50$ percent = 4,505 * 25 percent (90 days of the year) = 1,126 new drivers].
3. If 10 percent of the 2,988 Implied Consent and DUI with a Blood Alcohol Contact of 0.15 or greater drivers from 2017 who did not participate in the IID Program filed an appeal to obtain the Temporary Alcohol License after installing the IID for 90 days, there would be 74 new drivers who enroll in the IID program [$2,988 * 10$ percent = 298 * 25 percent = 74 new drivers].

4. If 50 percent of the 4,818 Implied Consent and DUI with a blood Alcohol Contact of 0.15 or greater drivers from 2017 who filed an appeal to obtain a Temporary Alcohol License and IID would serve the balance of their suspension on the IID Program, this would add 2,409 new drivers to the program ($4,818 * 50 \text{ percent} = 2,409$).

Therefore, based upon data in similar legislation in 2018, if 4,550 ($941 + 1,126 + 74 + 2,409 = 4,550$) new drivers are enrolled in the IID Program and initial annual fees on the manufacturer's application for certification are \$360 per device, the total revenue generated for PPP would be \$1,638,000 in FY 2019-20. We requested updated information from the department and will update this impact statement if we receive a different response.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director