

Driver License Renewal Cycle Change Benchmark Analysis and Impact on Revenue Generation

Purpose:

- Conduct a benchmark analysis to identify driver license and identification card fees and renewal cycles for other states.
- Identify permit and licensing fees charged for other similar services in Texas.
- Assess the impact on revenue generation based on changing the renewal cycle for a Texas driver license from six years to four years.

Methodology for Other State Fees:

- The American Association of Motor Vehicle Administrators maintains a list of DL and ID fees collected for each of the states. In some cases, data was out-of-date and an internet survey was conducted to verify and update data.

Findings:

Most Texans currently pay \$24 for a six-year license, plus a \$1 transaction fee. The transaction fee covers the cost of payment processing and is not deposited to the Texas Mobility Fund like the license fee. This equates to \$4 per year for their driver license. This fee is low in comparison to other states; thirty-four states have driver license fees higher than Texas.

- The highest per year fee is \$12 per year in Connecticut and Vermont. Arizona charges the lowest annual fee of \$0.51 per year.
- Other comparable state charges: Florida - \$8, Illinois - \$7.50, New York - \$8.44, and California - \$6.60.
- The average cost per year across states for a driver license is \$5.64. This equates to \$33.84 for a six year license ($\$5.64 \times 6 \text{ years}$).
- Eight states have renewal terms of six years with an average driver license cost of \$32.59.

Driver license fees by state are shown in Table 1.

Methodology for Similar Services in Texas:

- Permit and licensing fees for other Texas services are reported based on publicly available information and represent the costs for a general license or permit issued to individuals not eligible for a discount. Fees may vary based on location, residency, veteran status, age and other factors.

Findings:

The Driver License has the second lowest per year fee when compared to other Texas license and permit fees for concealed handgun licenses, motor vehicle fees and hunting and fishing licenses. The lowest per year fee is \$2.95 for a basic specialty license plate.

- The highest per year fees are for a resident combination hunting and all water fishing package (\$60 per year), motor vehicle registration fee (\$50.75 per year), and a capitol access pass (\$50 per year).
- As a group, driver license fees are lower than all other fees with the exception of a basic specialty license plate and a concealed handgun license renewal.

Texas license and permit fees are shown in Table 2.

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Table 1: Driver License Fees by State

	State	Driver License Fee	Renewal Term (years)	Average Fee per Year
1	Connecticut	\$72.00	6	\$12.00
2	Vermont	\$48.00	4	\$12.00
3	Massachusetts	\$50.00	5	\$10.00
4	New Hampshire	\$50.00	5	\$10.00
5	Washington	\$54.00	6	\$9.00
6	Maryland	\$45.00	5	\$9.00
7	Pennsylvania	\$34.50	4	\$8.63
8	New York	\$67.50	8	\$8.44
9	Oklahoma	\$33.50	4	\$8.38
10	Florida	\$48.00	6	\$8.00
11	Oregon	\$60.00	8	\$7.50
12	Illinois	\$30.00	4	\$7.50
13	Idaho	\$55.00	8	\$6.88
14	California	\$33.00	5	\$6.60
15	Minnesota	\$26.25	4	\$6.56
16	Mississippi	\$51.00	8	\$6.38
17	Michigan	\$25.00	4	\$6.25
18	Rhode Island	\$30.50	5	\$6.10
19	New Jersey	\$24.00	4	\$6.00
20	Alabama	\$23.50	4	\$5.88
21	Nevada	\$41.25	8	\$5.16
22	Delaware	\$40.00	8	\$5.00
23	Hawaii	\$40.00	8	\$5.00
24	Montana	\$40.00	8	\$5.00
25	Maine	\$30.00	6	\$5.00
26	Utah	\$25.00	5	\$5.00
27	Arkansas	\$20.00	4	\$5.00
28	Kentucky	\$20.00	4	\$5.00
29	Wyoming	\$20.00	4	\$5.00
30	Nebraska	\$24.00	5	\$4.80
31	Ohio	\$23.00	5	\$4.60
32	New Mexico	\$34.00	8	\$4.25
33	Wisconsin	\$34.00	8	\$4.25
34	Colorado	\$21.00	5	\$4.20
35	Georgia	\$32.00	8	\$4.00
36	Iowa	\$32.00	8	\$4.00
37	North Carolina	\$32.00	8	\$4.00
38	Virginia	\$32.00	8	\$4.00
39	Texas	\$24.00	6	\$4.00
40	Alaska	\$20.00	5	\$4.00
41	South Dakota	\$20.00	5	\$4.00
42	North Dakota	\$15.00	4	\$3.75
43	Tennessee	\$17.50	5	\$3.50
44	Louisiana	\$13.50	4	\$3.38
45	Missouri	\$20.00	6	\$3.33
46	Kansas	\$18.00	6	\$3.00
47	Indiana	\$17.50	6	\$2.92
48	West Virginia	\$13.00	5	\$2.60
49	South Carolina	\$25.00	10	\$2.50
50	Arizona	\$25.00	49	\$0.51
National Average		\$32.59	6.7	\$5.64

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Table 2: Texas Fees for Licenses and Permits

	Fee	Renewal Term (Years)	Fee per Year
Driver License Fees			
Driver License	\$24.00	6	\$4.00
Motorcycle License - Class M Only	\$24.00	6	\$4.00
Commercial Driver License	\$60.00	5	\$12.00
Occupational Driver License	\$10.00	2	\$5.00
ID Certificate	\$15.00	6	\$2.50
Concealed Handgun License Fees			
Concealed Handgun License	\$140.00	5	\$28.00
Concealed Handgun License - Renewal	\$70.00	6	\$11.67
Capitol Access Pass	\$100.00	2	\$50.00
Motor Vehicle Fees			
Motor Vehicle Registration Fee	\$50.75	1	\$50.75
Motor Vehicle Inspection - One Year Safety	\$14.50	1	\$14.50
Motor Vehicle Inspection - Emission Test Only	\$27.25	1	\$27.25
Motorcycle/Moped Registration Fee	\$30.00	1	\$30.00
License Plate Fee - Specialty	\$29.50	10	\$2.95
Hunting and Fishing License Fees			
Resident Hunting License	\$25.00	1	\$25.00
Annual Public Hunting Permit	\$48.00	1	\$48.00
Resident All Water Fishing Package	\$40.00	1	\$40.00
Resident Combo Hunting and All Water Fish Package	\$60.00	1	\$60.00

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Analysis of Changing Class-C License Renewal from 6-Year Cycle to 4-Year Cycle											
Implementation Starting FY2016											
Implementation Year	FY	Current Renewal Cycle Forecast			4-Year Renewal Cycle Forecast					NET Revenue Increase	
		Renewals	Revenue	Card Costs	Renewals	Predicted Increase per Year	Predicted Revenue Increase/Year	** Additional FTE's	Additional FTE Costs	Additional Card Costs	
1	2016	2,781,286	\$ 66,750,852	\$ 6,313,518	2,781,286	-	\$ -	0	\$ -	\$ -	\$ -
2	2017	2,868,952	\$ 68,854,856	\$ 6,512,522	2,868,952	-	\$ -	0	\$ -	\$ -	\$ -
3	2018	2,956,619	\$ 70,958,860	\$ 6,711,526	2,956,619	-	\$ -	0	\$ -	\$ -	\$ -
4	2019	3,044,286	\$ 73,062,864	\$ 6,910,529	3,044,286	-	\$ -	0	\$ -	\$ -	\$ -
5	2020	3,158,253	\$ 75,798,069	\$ 7,169,234	4,853,352	1,695,099	\$ 40,682,369	72	\$ 5,037,915	\$ 3,847,874	\$ 31,796,580
6	2021	3,273,535	\$ 78,564,834	\$ 7,430,924	5,027,690	1,754,155	\$ 42,099,718	2	\$ 5,210,860	\$ 3,981,932	\$ 32,906,927
7	2022	3,390,197	\$ 81,364,738	\$ 7,695,748	5,085,296	1,695,099	\$ 40,682,369	0	\$ 5,210,860	\$ 3,847,874	\$ 31,623,635
8	2023	3,508,310	\$ 84,199,436	\$ 7,963,863	5,262,465	1,754,155	\$ 42,099,718	2	\$ 5,382,418	\$ 3,981,932	\$ 32,735,368
9	2024	3,627,945	\$ 87,070,669	\$ 8,235,434	5,593,488	1,965,543	\$ 47,173,039	11	\$ 6,145,041	\$ 4,461,783	\$ 36,566,214
10	2025	3,749,178	\$ 89,980,264	\$ 8,510,633	5,804,833	2,055,655	\$ 49,335,722	4	\$ 6,435,721	\$ 4,666,337	\$ 38,233,664
** Without additional FTE's, driver license offices will generally fail to meet LBB performance targets											
Notes:											
- Only includes class C and class CM driver licenses (CDL certifications are not on a 6 year renewal cycle)											
- Assumes 5% annual growth rate											
- Does not take into account deaths (not a significant impact on predicted revenue increase)											
- Does not take into account a prediction of how many people will move out of Texas (not a significant impact on predicted revenue increase)											
- Does not account for replacement or duplicate Driver Licenses (these are not cyclical and difficult to predict)											
- Does not include ID card renewals (DLD issued 950,000 IDs in FY13 (originals and renewals combined). Texas ID cards are renewed on a 6 year cycle with an \$11 renewal fee.											
- Uses a renewal fee of \$24 instead of \$25											
-For revenue prediction purposes, \$1 of the current \$25 renewal fee pays for Texas.Gov services and therefore will not be added revenue											
- Assumes cost to print, package, and mail a replacement driver license will remain at \$2.27 each over the next 10 years											
- Does not account for re-printing and re-processing costs for DL renewal transactions that result in incorrect information											
Implementation Methodology											
- To avoid a substantial increase in renewal customers in the 5th year, renewals during implementation years 1 and 2 will be split 50/50											
- During FY16 and FY17, 50% of all original and renewal Class C & CM licenses will have a 6 year expiration, and the other 50% will have a 4 year expiration.											
- Based on this methodology, the predicted increase of renewals in the 5th and 7th year of implementation will be the same											
- Similarly, the predicted increase of renewals in the 6th and 8th year of implementation will be the same											
- Additional revenue will not be realized until implementation year 5.											