

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1415 (Delegates DeCarlo and Holt)
Commerce and Government Matters

Referred to Judicial Proceedings

Drivers' Schools - Tax and Unemployment Insurance Information - Verification

This amended bill requires the Motor Vehicle Administration (MVA) to verify, through the Office of the Comptroller, that all taxes, unemployment contributions, reimbursement payments, and interest have been paid for each licensed instructor by drivers' schools. The Office of the Comptroller must provide the information to the MVA. Failure to account for any discrepancy could result in the suspension of the school's license to operate.

Fiscal Summary

State Effect: General fund expenditures would increase by \$17,800 in FY 1998, accounting for the October 1 effective date. Out-year expenditures reflect annualization and inflation. Revenues would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	17,800	23,800	24,700	25,700	26,600
Net Effect	(\$17,800)	(\$23,800)	(\$24,700)	(\$25,700)	(\$26,600)

Local Effect: None.

Small Business Effect: None. Drivers' schools already submit this information in their quarterly wage reports to the Department of Labor, Licensing, and Regulation (DLLR).

Fiscal Analysis

State Expenditures: General fund expenditures could increase by an estimated \$17,800 in fiscal 1998, which accounts for the bill's October 1, 1997 effective date. This estimate reflects the cost of the Comptroller's Office hiring one Fiscal Clerk to review each school's quarterly wage report for discrepancies. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in

calculating the estimate are stated below:

- there are 214 driving schools and branches and 700 driving instructors in the State;
- there are 12 fiscal clerks within the Collections Section of the Office of the Comptroller; and
- each school's wage report currently filed with DLLR must be reviewed against information provided by the MVA.

Salaries and Fringe Benefits		\$17,688
Operating Expenses	<u>75</u>	
Total FY 1998 State Expenditures		\$17,763

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

The MVA can handle the bill's requirements with existing resources.

Information Source(s): Department of Transportation (Motor Vehicle Administration); Department of Labor, Licensing, and Regulation; Office of the Comptroller (Compliance Division); Department of Fiscal Services

Fiscal Note History: First Reader - March 3, 1997
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Analysis by: Christina Kim	Direct Inquiries to:
Reviewed by: John Rixey	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710