

OFFICE OF FISCAL ANALYSIS

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HB-5057

AN ACT STANDARDIZING DRIVE-ONLY LICENSES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Department of Motor Vehicles	TF - Revenue Gain	Approximately 600,000	Approximately 1,260,000
Department of Motor Vehicles	TF - Potential Cost	Less than 50,000	None

Note: TF=Transportation Fund

Municipal Impact: None

Explanation

The bill makes several changes to drive-only licenses, including extending the renewal period from 3-years to 8-years, which aligns with the standard renewal period for noncommercial licenses.

The bill effectively increases the initial and renewal fee for drive-only licenses from \$36 to \$96 (\$12 per year), resulting in a Department of Motor Vehicles (DMV) revenue gain of approximately \$600,000 in FY 25 and \$1,260,000 in FY 26 from fees. It will take approximately three years from the bill's effective date to fully transition to the new renewal period, after which the revenue gain is estimated to be less than \$300,000 annually. Though these fees are pro-rated, the longer-term revenue gain of less than \$300,000 annually exists because there is a segment of the population that, under both current law and the bill, would only apply for an initial license and not renew (and would pay the 8-year fee as opposed to the 3-year fee under current law).

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Contributing Analyst(s):
Reviewer: EMG

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Additionally, the bill may result in a potential one-time cost of less than \$50,000 in FY 25 for DMV reprogramming.

A summary of the fiscal impact by year is as follows:

Anticipated Impact to DMV		
	Revenue \$	Cost \$
FY 25	600,000	Up to 50,000
FY 26	1,260,000	-
FY 27	1,320,000	-
FY 28	612,000	-
FY 29 and later	Less than 300,000	-

The Out Years

The fiscal impact identified in the table above would continue into the future subject to the number of licenses issued.