

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2025 REGULAR SESSION**

MEASURE

2025 BR NUMBER 1501

SENATE BILL NUMBER 166

TITLE AN ACT relating to the issuance of identity documents.

SPONSOR Senator Lindsey Tichenor

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE STATE
EMPLOYEE HEALTH PLAN IMPACT

APPROPRIATION UNIT(S) IMPACTED: Vehicle Regulation, State Police

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2024-2025	2025-2026	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		Road Fund: (Indeterminable)	Road Fund: (Indeterminable)
EXPENDITURES		Road Fund: \$3.9-\$4.6 million <u>General Fund: \$2.5 million</u> Total: \$6.4-\$7.1 million	Road Fund: \$3.6-\$4.2 million <u>General Fund: \$2.3 million</u> Total: \$5.9-\$6.5 million
NET EFFECT		(Indeterminable)	(Indeterminable)

() indicates a decrease/negative

PURPOSE OF MEASURE: This measure establishes Kentucky Transportation Cabinet (KYTC)-administered driver licensing regional offices in every county with a population of 50,000 or more effective on July 1, 2026, and requires each regional office to have adequate vision testing equipment. Additionally, this measure expands the issuance capabilities for operator's licenses and personal identification cards at county clerk offices in counties where a driver licensing regional office is not currently present. The measure stipulates that KYTC shall be responsible for funding all required equipment and hardware. Furthermore, it authorizes county clerks to retain a designated portion of the fees collected for license and identification card issuance.

FISCAL EXPLANATION: Senate Bill 166 will necessitate significant fiscal expenditures beginning in FY 2026 to ensure operational readiness by the legislation's effective date, with substantial ongoing annual costs thereafter. The estimated first-year implementation cost is anticipated to be between \$6.4-\$7.1 million, comprised of \$6.4 million to establish four driver licensing regional offices and \$758,000 to install the necessary hardware and equipment for one workstation in each county clerk's office with an assumed 25 percent participation rate. The projected recurring annual expenditures would be between \$5.9-\$6.5 million. KYTC was appropriated additional funding in 2024 Regular Session HB 265

(Transportation Cabinet Operating Budget) to open three additional regional driver licensing offices, two of which have been established, and a third one not yet announced, this could reduce the total estimated expenditures if an office is opened in a county with a population of 50,000 or more or if it is placed in a county that currently does not have a driver licensing regional office.

Nineteen counties in the Commonwealth have estimated populations exceeding 50,000 residents, four of these counties, Bullitt, Jessamine, Oldham, and Scott currently lack regional driver licensing offices. Each new regional driver licensing office has a first-year implementation cost of \$1.6 million for personnel, equipment, and operating expenditures for KYTC and the Kentucky State Police, with \$1.5 million in annual recurring expenditures.

Senate Bill 166 mandates KYTC establish a system to allow county clerks to issue operator's licenses and personal identification cards and requires KYTC to cover the installation of necessary equipment and hardware. There are currently 91 counties without an existing regional driver licensing office that would be eligible to participate. The establishment of a single workstation in a county clerk's office has a first-year implementation cost of \$32,400 for hardware, vision testing equipment, and network connection, with \$26,000 in annual recurring expenditures. Federal background checks would also be required on any non-KYTC individual who would have access to the Kentucky Driver Licensing System at a cost of \$50 each. It is not anticipated that all county clerk's offices will participate in the first year. If we assume a 25 percent participation rate, the fiscal impact for implementing one workstation in each county would have a first-year implementation cost of \$758,000, with \$598,000 in annual recurring expenditures.

The provision authorizing county clerks to retain 25 percent of fees directed to the license fund for each processed document request will result in a corresponding reduction in Road Fund. The fiscal impact of this revenue reduction is indeterminable as it is unknown how many county clerk's offices will participate or how many documents they would produce. KYTC estimates used in this analysis are from the first quarter of 2024. KYTC was contacted on February 14 and 21, 2025, regarding their assessment of this measure, but as of this fiscal note's preparation, no information has been received.

DATA SOURCE(S): U.S. Census Bureau, KYTC, KSP

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