

DRIVER LICENSE SURCHARGE

Description

Texas drivers pay \$25 to apply for or renew their driver license every six years. This fee is dedicated to the Texas Mobility Fund. An additional driver license surcharge would be charged at the time of application or renewal and be dedicated solely to funding transportation.

How Will This Help?

- **Help funds keep pace with rising highway construction costs** – Since 1991, roadway construction costs have almost doubled. Creating a driver license surcharge would help transportation revenues keep pace with rising construction costs.
- **Reduce need for borrowing** – Texas has increasingly turned to debt mechanisms such as bonds as a way to finance transportation improvements. Texas could help slow a growing trend of using the “credit card” to pay for roadway projects by adding a driver license surcharge.



txdps.state.tx.us

What's the Down-Side?

- **General opposition to fee increases** – The Legislature and the public have recently been opposed to tax or fee increases.
- **Not an Annual Fee** – Driver license renewal fees are only collected once every six years per driver. New application and replacement licenses are unscheduled and vary in number from year to year.
- **Not a direct user-based fee** – All Texans who apply or renew their driver license must pay the fee, regardless of how much they drive or even if they own a vehicle.

Around the Nation

New York levied an additional fee of \$1 for every six months a person holds a license or learner's permit. (A.B. 8180)

Iowa increased the motorcycle license fee by \$1. (SF 2420)

Estimated Funding Yield

\$5/License Surcharge: \$338 million for transportation from 2014 to 2017.

\$10/License Surcharge: \$676 million for transportation from 2014 to 2017.

Implementation Issues

- Low cost to implement.
- Legislative action is required to implement this funding change.
- Voters/users would need to be educated regarding the costs and benefits.

