

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 702** HLS 16RS 207
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 18, 2016 1:59 PM	Author: HARRIS, J.
Dept./Agy.: Public Safety/Office of Motor Vehicles	Analyst: Zachary Rau
Subject: REAL ID compliant driver's licenses	

MTR VEHICLE/DRIVER LIC RE1 SEE FISC NOTE GF EX See Note Page 1 of 2
 Provides for the issuance of REAL ID compliant driver's licenses and special identification cards

Proposed law specifies that any person applying for a driver's license or special identification card pursuant to present law may elect to apply for a license that complies with the standards of REAL ID. Proposed law provides that if a person is eligible for a license or special identification card to be issued pursuant to present law and meets all requirements of the U.S. Dept. of Homeland Security for a REAL ID compliant credential, that person shall be issued a license or special identification card which bears a U.S. Dept. of Homeland Security approved security marking reflecting that such credential meets REAL ID standards. Proposed law specifies that if a person applying for a driver's license or special identification card pursuant to present law does not elect to apply for a license or special identification card that complies with REAL ID standards and that person is otherwise eligible to be issued a license or special identification card pursuant to the provisions of present law, that person shall be issued a license or special identification card which indicates the license or special identification card is not in compliance with REAL ID. Proposed law requires REAL ID information to be viewable in locations issuing credentials. Proposed law requires OMV to issue all driver's license applicants documentation outlining the differences between a REAL ID compliant credential and a credential that is not compliant with REAL ID. Proposed law requires purging of documents upon request.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

There is a nominal anticipated material effect on governmental expenditures as a result of this measure. Provisions to include components compatible with REAL ID have been negotiated into the Office of Motor Vehicles' contract with Morphotrust. As a result, the department states this portion of the proposed legislation will not have a material impact on governmental expenditures. However, the proposed legislation requires the Office of Motor Vehicles (OMV) to produce signage describing REAL ID compliant credentials, as well as what data is collected, how the data will be collected, who has access to said data, how the data will be used, and that persons are not required to obtain a REAL ID compliant credential. In addition, OMV must give driver's license applicants documentation outlining the differences between a REAL ID-compliant credential and a credential that is not compliant with REAL ID. OMV reports that they will absorb these costs internally by generating the required signage and documentation electronically, and distributing them to OMV locations statewide electronically for printing and hanging at a nominal expense. Furthermore, OMV indicates that the provision of proposed law requiring the purging of documents and images from the OMV database upon request of a person will result in a workload increase that will be absorbed utilizing existing personnel and resources.

For informational purposes, the Department of Public Safety's (DPS) contract with Morphotrust allows the department to pay a rate of \$1.78 per credential until statewide implementation of all components of the contract, portions of which facilitate implementation of REAL ID. The funds associated with this expenditure are SGR. Upon successful statewide implementation of all contract components, the per-credential rate increases by \$0.17, from \$1.78 to \$1.95. Outstanding components of DPS' contract with Morphotrust include statewide electronic document imaging and photo capture functionality ("Photo First" functionality). Furthermore, the department indicates that it will be able to absorb a portion of the per-credential increase within its existing budget authority upon completion of the contract via efficiencies created by other contract components.

DPS also indicates the proposed law may require approximately 250 hours of overtime for the Office of Technology Services at a cost of approximately \$16,993 in SGF. The legislation will require programming and database modifications performed by IT Applications Analysts to finalize program coding for driver's license transactions and interfaces, integrate photos and scan documents into the OMV Electronic Document Imaging System, and test and deploy the system. The Legislative Fiscal Office believes that any additional IT work associated with this legislation will be incremental in nature, and that the Department can potentially accomplish these tasks utilizing existing resources and budget authority. To the extent that numerous pieces of legislation are enacted that require additional programming efforts, the Department may require additional resources.

REVENUE EXPLANATION

Proposed law may increase self-generated revenues for the Dept. of Public Safety by an indeterminable amount. The proposed legislation allows persons to obtain a REAL ID compliant driver's license for the cost of a duplicate license if they desire one before their renewal date. The new REAL ID compliant credential will have the same expiration date as the previous credential. A 4-year duplicate license fee totals between \$13 and \$17 while a 6-year duplicate license fee totals between \$17 and \$23. **(Revenue Explanation cont. on Pg. 2)**

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|---|--|--------------|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

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CONTINUED EXPLANATION from page one:

(Revenue Explanation cont. from Pg. 1) To the extent persons obtain a REAL ID compliant credential prior to their renewal date, DPS will realize a revenue increase between \$13 and \$23 per credential. The increase will occur because persons obtaining a REAL ID compliant credential before their expiration date will still have the same expiration date, at which time they will pay the \$32.25 to \$38.25 fee to renew their credential. The exact increase is indeterminable since it is unknown how many persons will obtain a REAL ID compliant license before their renewal date.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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