

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5316-01  
Bill No.: SB 1133  
Subject: Revenue Department; Licenses - Driver's; Elections  
Type: Original  
Date: March 6, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(Up to \$1,779,505)	(Up to \$332,069)	(Up to \$495,004)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Up to \$1,779,505)</b>	<b>(Up to \$332,069)</b>	<b>(Up to \$495,004)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Social Services, Department of Health and Senior Services** and the **Office of the Secretary of State - Elections Division** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Revenue (DOR)** state they have re-evaluated this legislation (from their response to SBs 1014 & 730 from earlier this year), and in order to ensure the most efficient and expeditious processing of the nondriver license photo identifications, DOR's fiscal note response has been modified.

**DOR'S MOBILE SYSTEM;**

DOR assumes that based on the language as written, it would affect residents of facilities licensed under chapter 198 and any individual who does not otherwise now have a nondriver license.

41,536 Residents of facilities licensed under chapter 198 who are not likely to be physically able to ambulate to a polling site. (based on statistics from the Department of Health and Senior Services as of January 11, 2006)

ASSUMPTION (continued)

x <u>15%</u>	Estimated number of citizens who are eligible and may apply for a no cost nondriver license. <b>The original fiscal note estimated 5%; however, after conferring with Department of Health and Senior Services, the percentage is increased to 15%.</b>
= <u>6,230</u>	Estimated annual nondriver licenses applicants

According to the Department of Health and Senior Services there are 1,166 facilities that are licensed under chapter 198, RSMo, throughout the state.

Since there is a November election scheduled, to provide the best customer service possible, DOR will schedule and visit 1,166 facilities to assist the estimated 6,230 applicants that will apply for the nondriver license. DOR will require three (3) additional Administrative Analysts I's beginning June 1, 2006, to coordinate scheduling of the current fourteen (14) field coordinators during the months of July, August, September, and October. The analysts will also work directly with all 1,166 facilities and administrators to ensure applicants have all the required documents such a physician statements, lawful presence documents, etc. to obtain a nondriver license.

In addition, DOR will hire fourteen (14) temporary Revenue Licensing Technician I's beginning June 1, 2006. These employees will be trained on the day-to-day operations in order to assume the responsibilities of the department's current 14 field coordinators during July, August, and September, so the field coordinators can visit and process the anticipated 6,230 applicants in 1,166 facilities. The field coordinators will be required to visit approximately three (3) facilities per day to ensure that all 1,166 facilities and 6,230 applicants are processed by the end of September. It will be imperative that the central office be able to stay in constant contact with the coordinators at this, to ensure any scheduling changes are coordinated with the least impact on costs. DOR will incur costs for fourteen (14) prepaid cellular phones. This cost is estimated at \$30 per phone plus \$30 for an average of 200 minutes per month. 14 TE (temporary employees) x \$30 = \$420 initial cost for phones. \$30 per month x 4 = \$120 x 14 = \$1,680 for four months. There will be some processing required for the month of October; therefore, DOR will keep approximately seven (7) temporary employees through that month. On an average, field coordinators will travel 120 miles (roundtrip) to each facility. The current reimbursement rate is \$.375 per mile. DOR will require \$52,470 for travel reimbursement.

Training expenses will be incurred for the fourteen temporary employees. DOR will utilize two (2) existing training staff for approximately two weeks to train fourteen temporary employees throughout the state. These employees will hold training seminars in St. Louis, Kansas City, and Springfield area. The average hotel room is \$85 per night and the average miles traveled will be approximately 200 miles per employee per week. 8 nights x 2 employees = 16 x \$85 = \$1,360

ASSUMPTION (continued)

lodging.  $400 \text{ miles} \times 2 = 800 \times \$0.375 = \$300$  travel reimbursement.

DOR does not have mobile equipment to create a nondriver license; therefore, it will incur costs for purchasing over-the-counter systems (OTC) through the current driver license vendor (Digimarc). This system consists of laptop capture stations software, digital cameras/strobe, digital signature capture device, blue backdrop screen and flatbed scanner to obtain the photographs and signatures required to produce the nondriver license at a quality equal to what is issued in the contract offices. The photograph and signature will be electronically transmitted to the central office to create the nondriver license and will be mailed to the resident. Digimarc has quoted the department a cost of \$21,471 per laptop mobile capture system. DOR anticipates needing approximately 17 mobile capture systems to ensure all 1,166 facilities will be visited within the three months prior to the elections. One for each region (14) and three for back-up (re-prints, duplicates, etc.).  $17 \times \$21,471 = \$365,007$  for laptop mobile capture system

DOR will also require two (2) temporary Revenue Licensing Technician I's beginning July 1, 2006 through October 2006 to upload via e-mail or to copy with removable media such as a CD, DVD, USB Drive the captured images and files for transfer, from the field coordinators, to the state's mail-in system for ID Card production. Because of the estimated volume, DOR will need to purchase one additional mail-in system at a cost of \$11,650, plus \$1,250 for maintenance = \$12,900. This equipment and these employees will be utilized to manufacture, print and mail the licenses to the applicant. DOR will need one (1) additional fax line to accommodate any applicant document processing required. Total cost for fax machine is \$1,130, installation \$60, \$15 monthly charge x 4 months = \$60, totaling \$1,250.

NONDRIVER'S LICENSE:

DOR used the Census for Missouri that showed 4,167,519 individuals 18 or older, then ran a program that indicates there are 3,998,304 individuals currently on the DOR system. Therefore, there are approximately 169,215 individuals who do not have a photographic personal identification.

138,063	Estimated number of individuals who do not currently have a photographic personal identification. (based on the census population of individuals 18 and older, compared to the driver license system = 169,215 AND minus 75% of the individuals previously shown that are residents under chapter 198 = $41,536 \times 75\% = 31,152$ )
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ASSUMPTION (continued)

<u>        </u>	x 50%	Estimated number of individuals who will apply for a nondriver license. (based on a four average voter turnout for Missouri)
<u>69,032</u>		Potential nondriver license applicants first year of implementation 69,032 only

In addition, because the language allows a person to apply for a nondriver license to simply sign an affidavit indicating they do not have a photographic personal identification, applicants who apply for a new, renewal or duplicate nondriver license may do so at no cost.

88,989	Total number of nondriver (new, renewal, duplicate) transactions issued in 2005
x <u>25%</u>	Estimated number of applicants that would utilize the affidavit indicating that they do not have any other form of photographic personal identification; therefore, would be eligible for a nondriver license at no fee
<u>22,247</u>	Estimated annual nondriver license applicants

DIRECT PUBLIC INQUIRIES:

This proposal requires the Secretary of State to give advance notice to individuals of the personal identification requirements; however, based on the effective date of this proposal and the scheduled November election DOR anticipates that public inquiries will be at a maximum for July, August, September, October and November based on the estimated number of applicants previously stated. DOR will require the following Temporary Employees (TE) and associated costs to handle these inquiries.

Anticipating a 100% potential applicant inquiry DOR assumes that approximately 97,247 (6,225 + 69,032 + 22,247) inquiries through the central office will be received. To provide the best call-in customer service, DOR will need to install a T-1 telecommunication line at a cost of \$1,156, plus a monthly maintenance of \$630 x 4 months = \$2,520. In addition, DOR will provide an 800 number, dedicated to issuance of the voter nondriver license identification program at an installation cost of \$100. Based on other current 800 lines the average cost of a call is \$.25 per call. 97,247 x \$.25 = \$24,312 for FY07. DOR will need one (1) additional fax line to accommodate any applicant document processing required. Total cost for fax machine is \$1,130, installation \$60, \$15 monthly charge x 4 months = \$60, totaling is \$1,250.

DOR assumes that approximately 50% of the 97,247 calls will occur in July, August and September and the other 50% will occur in October with some residuals in November. Therefore, based on current employee expectations of 100 calls per day x 22 days in a month,

ASSUMPTION (continued)

DOR will phase-in employees to ensure a total number of temporary employees as indicated for each month as follows:

July	12,156 (25% of 48,714)	= 6 TE
August	18,234 (1/2 of remaining 75% of 48,714 = 36,468)	= 8 TE
September	18,234 (1/2 of the remaining 75% of 48,714 = 36,468)	= 8 TE
October	48,624 inquiries	= 22 TE
November	Residuals	= 11 TE

To process the inquiries, DOR will hire 6 TE's in July, adding 2 TE's in August, and 14 TE's in October. DOR anticipates keeping 11 TE's through November for any residuals calls after the November 7th election.

DOR will utilize the existing space and equipment currently used by temporary tax employees to implement this program. However, current tax employees do not have telephones; therefore, the department will incur costs associated with purchasing 22 telephones for public inquiries.

CONTRACT OFFICE INQUIRIES;

In addition, DOR anticipates that 25% of potential applicants visiting the contract offices will require the contract office to contact the central office. Therefore, there will be approximately 22,820 ( $69,032 + 22,247 = 91,279 \times 25\% = 22,820$ ) inquiries from the contract offices to the central office.

DOR assumes that approximately 50% of the 22,820 calls will occur in July, August and September and the other 50% will occur in October with some residuals in November.

DOR will use the current contract office 1-800 line, adding a specific for the Voter Nondriver License Program and a T-1 telecommunication line to ensure these calls are not deflected or routed to inappropriate areas. Because this 800 line already exists there will not be the \$100 installation fee. The cost to install a T-1 line is \$1,156, plus a monthly maintenance of \$630 x 4 months = \$2,520. Based on other current 800 lines the average cost of a call is \$.25 per call.  $22,820 \times \$.25 = \$5,705$  for FY07.

ASSUMPTION (continued)

Therefore, based on current employee expectations of 100 calls per day x 22 days in a month, DOR will phase-in employees to ensure a total number of temporary employees as indicated for each month as follows:

July	2,853 (25% of 11,410)	= 2 TE
August	4,265 (1/2 of remaining 75% of 11,410 = 8,558)	= 2 TE
September	4,265 (1/2 of the remaining 75% of 11,410 = 8,558)	= 2 TE
October	11,410 inquiries	= 6 TE
November	Residuals	= 3 TE

In anticipation of the high volume of applicants that will need last minute assistance before the November 7th election, DOR will require contract offices to be open Saturday November 4th and the same amount of hours as a polling site 6 a.m. - 7 p.m. on November 7th. This proposal requires "the total cost associated with nondriver's license photo identification under this proposal shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose." Because of this requirement DOR will incur costs to pay approximately 1,500 employees for 11 hours of overtime at \$12 per hour for the additional hours worked on November 4th and 7th.  $1,500 \times 11 = 16,500 \times \$12 = \$198,000$  overtime.

In addition, overtime costs for five central office staff will be required for November 4th and 7th to provide internal coverage for contract offices to be open 8 hours for applicants to apply for nondriver licenses and on election staff will provide coverage from the time the polls open until the time the polls close. Cost for overtime of those staff will be \$1,620.

DOR will also require a one (1) Accountant to ensure appropriate revenue funds are utilized for reimbursement of processing fees and overtime costs to the contract office required by this proposal.

In order to ensure the temporary employees are properly trained DOR will hire the staff and begin the training on June 1, 2006 and will expend existing funds from FY06 to pay these employees.

Because there is a General election in FY09, DOR assumes that this process or one similar will take place to ensure voters for that election have a nondriver license photo identification for presentation at the polls.

ASSUMPTION (continued)

FORMS, ENVELOPES, POSTAGE & LICENSING MATERIAL:

DOR will also incur forms, envelopes and postage cost for printing the license and mailing the license to individuals who are not physically able to ambulate to a polling site. In addition, DOR will incur costs for providing an affidavit to individuals applying for nondriver license (no cost). DOR assumes \$2,679 of postage expenses in each of the three fiscal years of the fiscal note.

Licensing Material

FY07	FY 08 & 09	
97,509	28,477	Estimated number of applicants that will apply for a nondriver license
<u>x \$1.86</u>	<u>\$1.86</u>	Licensing material
\$181,367	\$52,967	

Forms

FY07	FY 08 & 09	
91,279	22,247	Estimated number of applicants that will require an affidavit
<u>x \$.025</u>	<u>\$.025</u>	Affidavit
\$ 2,282	\$556	

Training Material & Information Pamphlets

\$10,000	Training materials for temporary employees and informational pamphlets for public distribution regarding this proposal
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REVENUE IMPACT:

Because the language requires the nondriver license to be provided by DOR to an applicant who signs an affidavit stating that they do not have any other form of photographic personal identification at no cost and because this version includes language that exempts the payment of the fee pursuant to 136.055 will re-imbursed to the contract office as indicated in section 115.427. 7, there will be a potential loss in revenue as indicated below.



ASSUMPTION (continued)

FY07

22,247 Annual applicants for new, renewal or duplicate  
x \$6 Nondriver license fee  
**\$133,482** **Total potential revenue decrease**

6,230 Annual applicants for nondriver license from a chapter 198 residents  
69,032 Applicants that have never had a nondriver license the will only apply the first  
year of implementation  
+22,247 Annual applicants for new, renewal or duplicate  
97,509 Total Estimated nondriver license  
x \$5.00 Contract office processing fee (majority of applicants apply for a 6-yr nondriver  
license)  
**\$ 487,545** **Total potential contract office processing fee decrease**

FY08 & FY09

22,247 Annual applicants for new, renewal or duplicate  
x \$6 Nondriver license fee  
**\$133,482** **Total potential revenue decrease**

6,230 Annual applicants for nondriver license from a chapter 198 residents  
+22,247 Annual applicants for new, renewal or duplicate  
28,477 Total Estimated nondriver license  
x \$5.00 Contract office processing fee (majority of applicants apply for a 6-yr nondriver  
license)  
**\$142,385** **Total potential contract office processing fee decrease**

**Oversight** will utilize DOR's estimated expenses and lost revenue, but Oversight will state the expenses and lost revenue that would be incurred by DOR would be 'up to' the estimates provided. Oversight assumes DOR will contract with an outside source to provide the temporary employees and therefore, will not incur additional fringe benefit expense.

**This proposal could decrease Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
<b>GENERAL REVENUE</b>			
<u>Costs - Department of Revenue</u>			
Personal Service - Temporary			
Employees	(\$290,044)	\$0	(\$162,935)
Equipment - Mobile Capture System	(\$365,007)	\$0	\$0
Equipment - Other	(\$54,969)	\$0	\$0
Expense - Contract Office Overtime	(\$198,000)	\$0	\$0
Expense - Travel (Fuel & Lodging)	(\$54,130)	\$0	\$0
Expense - Licensing Material	(\$181,367)	(\$52,967)	(\$52,967)
Expense - Forms, Envel. & Postage	(\$4,961)	(\$3,235)	(\$3,235)
Expense - Training material	<u>(\$10,000)</u>	<u>\$0</u>	<u>\$0</u>
	(Up to	(Up to	(Up to
<u>Total Costs - DOR</u>	<u>\$1,158,478)</u>	<u>\$56,202)</u>	<u>\$219,137)</u>
<u>Loss - Department of Revenue</u>			
- Nondrivers license fee and contract office processing fee	(Up to <u>\$621,027)</u>	(Up to <u>\$275,867)</u>	(Up to <u>\$275,867)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>(UP TO <u>\$1,779,505)</u></b>	<b>(UP TO <u>\$332,069)</u></b>	<b>(UP TO <u>\$495,004)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2007	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

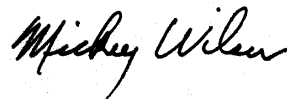
The proposal requires the state of Missouri to pay all the legally required fees for applicants for non-driver's licenses for the purposes of voter identification. Persons residing in convalescent, nursing, and boarding homes shall be issued a non-driver's license through a mobile processing system operated by the department of revenue at no cost.

The act contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Revenue  
Office of the Secretary of State  
Department of Health and Senior Services  
Department of Social Services



Mickey Wilson, CPA  
Director  
March 6, 2006