

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0637-02
Bill No.: HB 361
Subject: Federal - State Relations: Licenses - Driver's; Revenue Department
Type: Original
Date: February 6, 2009

Bill Summary: Ensures that driver's license applicants' privacy rights are not compromised when applying for or renewing a driver's license

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Highway Fund	\$0	(\$233,393)	(\$233,393)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(\$233,393)	(\$233,393)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	(\$77,797)	(\$77,797)

FISCAL ANALYSIS

ASSUMPTION

Officials from the following agencies indicated this proposal would have little or no fiscal impact on their respective agencies: **Department of Natural Resources; Office of State Auditor; Department of Public Safety - Office of the Director, Missouri State Highway Patrol, Missouri Veterans Commission, Alcohol and Tobacco Control, Missouri Gaming Commission, Capitol Police, and Division of Fire Safety; Missouri Senate; Missouri House of Representatives; State Tax Commission; Missouri Consolidated Health Care Plan; Joint Committee on Administrative Rules; Missouri Ethics Commission; Department of Health and Senior Services; Department of Corrections; Department of Transportation; Department of Elementary and Secondary Education; Department of Mental Health; Office of Prosecution Services; Department of Economic Development; Public Service Commission; Department of Agriculture; Office of Administration - Administrative Hearing Commission; State Public Defender; MoDOT and Patrol Employees' Retirement System; Department of Social Services; and, Department of Higher Education.**

According to officials from the **Secretary of State's Office (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

Officials from the **Joint Committee on Public Employee Retirement** indicate this proposal will not affect retirement plan benefits as defined in §105.660 (5).

Officials from the **Office of Attorney General (AGO)** assume that any potential costs arising from this proposal can be absorbed with existing resources. AGO may need to request additional staff to handle the increase in workload if multiple cases arise from the proposal. **Oversight** assumes such requests would be made through the regular budgetary process.

ASSUMPTION (continued)

Officials from the **Department of Conservation (MDC)** assume that §302.183.2 of this proposed legislation might restrict how MDC uses this data but would not appear to have fiscal impact on MDC's funds.

§302.171

According to officials from the **Department of Revenue (DOR)**, the proposal will reduce the number of driver license, nondriver license and permits processed annually by denying application to all non-citizens. There are approximately 41,492 transactions processed annually for applicants who are not United States citizens. Using a 3 month count and estimating the term as 0-3 years for the majority of the transactions the potential loss of revenue is estimated as follows:

41, 492 transactions X \$ 7.50 cost for license for a 0-3 year term = (\$311,190) loss

§302.183

DOR assumes that, as written, this section of the proposal could affect compliance with federal commercial license regulations and acceptance of Missouri's commercial driver license by other jurisdictions. Failing to comply with the federal regulations related to commercial driver license issuance could result in Missouri's loss of federal highway funds. The first year of non-compliance could result in up to a 5 percent reduction of such funds (approximately \$25 million); each subsequent year of non-compliance is subject to up to 10 percent reduction, which could equate to in excess of \$65 million.

DOR estimates an additional unknown loss of at least \$2,000,000 in license fees to highway, city and county funding due to the inability to issue class A, B, or C commercial licenses.

Oversight assumes the potential for losses resulting from this section is speculative and therefore, for fiscal note purposes, will show no fiscal impact.

§302.183.6

Officials from the **Department of Labor and Industrial Relations - Division of Employment Security (DOLIR-DES)** report that this section states all biometric data previously collected will be deleted from all databases. The DOLIR-DES currently utilizes drivers license information to resolve issues when a claimant files for unemployment while DOLIR-DES records reflect that the claimant is employed. The personal information obtained from the I-9

filed with the ASSUMPTION (continued)

employer is compared to the drivers license picture and other indicative information that can be obtained from the Department of Revenue (DOR). This information is used to prosecute individuals who are overpaid benefits. Currently, the information obtained from the DOR is the sole source. A Memorandum of Understanding currently exists between DOLIR-DES and DOR concerning the exchange of information. The DOLIR-DES may be required to incur additional cost if the information was available from another source.

DOLIR-DES reported that §288.060.09 states, "The Division of Employment Security shall cross-check at least monthly unemployment compensation applicants and recipients with Department of Revenue drivers license databases." The DOLIR-DES is not expecting this proposal to affect the Chapter 288 statute requirement.

Oversight also notes, that according to information obtained from the Department of Homeland Security web site (updated January 9, 2009), REAL ID is not a Federal Mandate, and states are not required to participate. States and jurisdictions will maintain their ability to design and issue their own unique driver's licenses and identification cards. Each state and jurisdiction will continue to have flexibility with regard to the design and security features used on the card. Where REAL ID details the minimum data elements that must be included on the face of the card, most states and jurisdictions already include all or almost all of these data elements on their cards. A state may use its exceptions process to establish lawful presence for U.S. citizens. U.S. citizens may also present a passport to demonstrate identity and citizenship. REAL ID identification documents will not be the only form of documentation accepted by the federal government or any other entity. Other forms of acceptable identification are a U.S. passport, military ID, or government identification badge.

REAL ID does not require any biometrics beyond the photograph and signature already required by states.

The Final Rule on the REAL ID Act of 2005 was effective as of March 31, 2008.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
HIGHWAY FUND			
<u>Loss - Department of Revenue - Fewer licenses and permits issued (\$302.171)</u>	<u>\$0</u>	<u>(\$233,393)</u>	<u>(\$233,393)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$0</u>	<u>(\$233,393)</u>	<u>(\$233,393)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss - Cities and Counties - Fewer licenses and permits issued (\$302.171)</u>	<u>\$0</u>	<u>(\$77,797)</u>	<u>(\$77,797)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>0</u>	<u>(\$77,797)</u>	<u>(\$77,797)</u>
<u>FISCAL IMPACT - Small Business</u>			

According to officials from the Department of Revenue, this proposed legislation may affect all businesses who hire foreign nationals or lawful permanent resident aliens who may require the employee to obtain a Missouri driver or nondriver license or permit. The proposal denies issuance of a license to any applicant who cannot present proof of United States citizenship. Any non-citizens lawfully present who are working or attending school will be denied a Missouri license or nondriver license privilege until they are able to obtain United States citizenship.

This proposal also may result in additional expense for employers to purchase passports for employees that are required to travel, work at nuclear plants or enter federal buildings during the course of business.

The proposal may reduce the amount of license processing fees received by Missouri contract license offices for driver license, nondriver license and permit applications processed annually for non-citizens. Each transaction generates a processing fee of \$2.50 to \$5.00 for the contract license office.

FISCAL DESCRIPTION

Currently, the Department of Revenue must verify that an applicant for a driver's license is lawfully present in the United States before accepting the application, and the license cannot be issued for a period that exceeds the applicant's lawful presence. Beginning July 1, 2010, the proposed legislation requires the department to verify that an applicant for a driver's license is a lawful citizen of the United States and a Missouri resident before accepting the application.

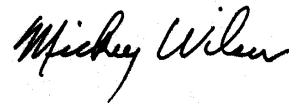
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of State Courts Administrator
Department of Conservation
Department of Natural Resources
Department of Labor and Industrial Relations
 Division of Employment Security
Office of Secretary of State
Office of Attorney General
Office of State Auditor
Department of Public Safety
 Office of the Director
 Missouri State Highway Patrol
 Missouri Veterans Commission
 Alcohol and Tobacco Control
 Capitol Police
 Division of Fire Safety
 Missouri Gaming Commission
Missouri Senate
State Tax Commission
Missouri Consolidated Health Care Plan
Joint Committee on Public Employee Retirement
Joint Committee on Administrative Rules
Missouri Ethics Commission
Department of Health and Senior Services
Department of Corrections
Department of Transportation
Department of Elementary and Secondary Education

SOURCES OF INFORMATION (continued)

Department of Mental Health
Office of Prosecution Services
Department of Economic Development
Public Service Commission
Department of Agriculture
Office of Administration
 Administrative Hearing Commission
Department of Higher Education
State Public Defender
MoDOT and Patrol Employees' Retirement System
Department of Social Services
Missouri House of Representatives



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Director
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