

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0637-03
Bill No.: Truly Agreed To and Finally Passed HCS for HB 361
Subject: Federal - State Relations: Licenses - Driver's; Revenue Department
Type: Original
Date: June 1, 2009

Bill Summary: This proposal 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
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the following agencies indicated this proposal would have little or no fiscal impact on their respective agencies: **Department of Transportation; Department of Natural Resources; Office of Administration - Division of Budget and Planning and Administrative Hearing Commission; Missouri Veterans Commission; Office of Secretary of State; Department of Higher Education; Joint Committee on Administrative Rules; Department of Economic Development; Office of State Auditor; State Tax Commission; Department of Agriculture; Department of Mental Health; Department of Social Services; Department of Corrections; Department of Elementary and Secondary Education; Department of Health and Senior Services; Department of Labor and Industrial Relations; and, Department of Public Safety - Missouri State Highway Patrol.**

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 **Missouri Senate** state this proposal will either have no fiscal impact as it relates to their agency or minimal costs which can be absorbed by present appropriations.

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 Revenue (DOR)** state their agency will need to:

- Modify the Missouri Electronic Driver License system and supporting applications;
- Modify the administrative rule regarding acceptable documents to verify lawful presence;
- Modify web site references to acceptable documents; and
- Modify Missouri Driver Guide (web and hard copy formats) to reflect the change in acceptable documents.
- Modify records sales programs for bulk and batch sales.

This legislation will require programming changes to the Missouri Electronic Driver License (MEDL also referred to as Over The Counter-OTC) software and supporting applications. These programming changes will need to be designed and tested. DOR assumes contractor costs of \$2,000. **Oversight** notes that in the identical HCS DOR assumed costs could be absorbed, therefore will assign no contract costs.

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing 2 existing CIT III's for 2 months at a rate of \$4,441/mo for a total cost of \$17,764. ITSD DOR estimates the IT portion of this request can be accomplished within existing resources; however; if priorities shift, additional FTE/overtime would be needed to implement.

DOR assumes this proposal could affect compliance with federal commercial license regulations and acceptance of Missouri's commercial driver license by other jurisdictions. This could result in a loss of federal funding and a loss of revenue for the Missouri commercial trucking industry.

The loss of revenue related to applicants who were born in another state being denied a Missouri license is unknown. The total of out-of-state birth certificates used for issuance is unknown. Additional unknown loss of at least \$2 million dollars in license fees which would have been distributed between highway, city and county funds due to the inability to issue class A, B or C commercial licenses if DOR is prohibited from participating in any standardized identification system using driver's and nondriver's license records.

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

ASSUMPTION (continued)

§302.183.2

DOR assumes that, as written, this section of the proposal prohibits the sale of data derived from a person's application for commercial purposes. This would eliminate the DOR bulk database and batch sales programs resulting in a potential loss of approximately \$375,000 annually based on FY 2007 collections.

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

§302.183.4

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 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 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

ASSUMPTION (continued)

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
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

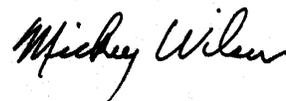
FISCAL DESCRIPTION

This proposed legislation appears to have no fiscal impact.

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 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 Senate
State Tax Commission
Joint Committee on Administrative Rules
Department of Corrections
Department of Transportation
Department of Elementary and Secondary Education
Department of Mental Health
Department of Economic Development
Department of Agriculture
Office of Administration
 Administrative Hearing Commission
 Division of Budget and Planning
Department of Higher Education
Department of Social Services
Department of Health and Senior Services



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Director

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