

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0626-05
Bill No.: Perfected SS for SB 252
Subject: Licenses - Driver's; Revenue Department
Type: Original
Date: April 9, 2013

Bill Summary: This proposal prohibits the Department of Revenue from retaining copies of source documents used to obtain driver's licenses and nondriver's licenses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$169,824)	(\$20,525)	(\$20,525)
Total Estimated Net Effect on General Revenue Fund	(\$169,824)	(\$20,525)	(\$20,525)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Criminal Records	(\$150,000)	(\$10,250)	(\$10,506)
WWI Trust Fund	\$36,700	\$44,000	\$44,000
Total Estimated Net Effect on <u>Other</u> State Funds	(\$113,300)	\$33,750	\$33,494

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 17 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state currently, concealed carry weapon information is maintained by the Department of Revenue. The Missouri Uniform Law Enforcement System (MULES) is only a pass-through for the information. A database file would have to be developed by the Highway Patrol and the vendor, CPI, to be able to store the information in MULES and have it readily available upon request from law enforcement. This database would have to maintain information that shows compliance and also allow the sheriff's department to make status changes. The following is a breakdown of the changes and the resulting cost for the Patrol:

\$10,000 - Discovery and Design
\$75,000 - Database Modifications and Reporting
\$25,000 - Message Switch Modifications
\$15,000 - Testing
\$25,000 - Project Management
\$150,000 - Total

The total cost to the Patrol's Criminal Records Fund is \$150,000 (\$10,000 + \$75,000 + \$25,000 + \$15,000 + \$25,000). There will be an annual maintenance cost of approximately \$7,500 for the database modifications and reporting and \$2,500 for the message switch modifications.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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.

ASSUMPTION (continued)

In response to a previous version, **Office of the Secretary of State** also assumes the following:

Based on an annual work year of 2080 hours the SOS will require the following to provide for the changes in this legislation:

- Creating SMART system report to allow staff to pull 13,154 DOR microfilm reels:
 - 1 hr. X \$15.81 (Records Analyst hourly wage)
- Pull and box for transport to DOR 13,154 reels of microfilm:
 - 346 hrs X \$13.85 (Tech II hourly wage)
- Transport to DOR:
 - 1 hr. X \$10.95 (Clerk I hourly wage)
- QC returning film after source documents destroyed at DOR:
 - 1039 hrs. X \$13.85 (Tech II hourly wage)

Total direct cost to SOS: \$19,232.10

Oversight assumes the new language in this proposal will not require as many staff hours as the SOS original response indicates and therefore will assume the SOS response of:

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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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.

Officials from the **Department of Revenue (DOR)** state that this proposal states that the Department shall not retain copies of source documents presented by applicants applying for a driver or nondriver license.

ASSUMPTION (continued)

By December 31, 2013, the Department shall destroy all source documents presented by applicants for a driver or nondriver license after September 1, 2012.

Administrative Impact - Driver License Bureau (DLB)

This legislation requires DLB to:

- Modify all current procedures for review and retention of source documents;
- Modify website information as applicable related to source documents;
- Review and determine changes to Missouri non-commercial and commercial driver manuals for document related changes;
- Define requirements for Missouri Electronic Driver License Central Issuance (MEDLCI) system changes and changes to other supporting applications to remove current scanning processes for imaging source documents;
- Develop test grids for user acceptance testing of all license issuance and supporting system modifications;
- Define requirements for MEDLCI changes to incorporate a checklist process for license offices to indicate what source documents they reviewed for issuance of the transaction;
- Define requirements for MEDLCI changes to update the driver examination screens to include entry fields for scores and examiner information for purposes of supporting the transaction issuance since source documents will not be retained for verification of completed testing and an automated system does not currently exist between MSHP and DOR;
- Requires DLB to define procedures for access to all application images to remove all previously imaged copies of source documents;
- Develop training materials required for internal staff and license office staff; and
- Review and submit administrative rule changes as required regarding source document review and retention.

Driver License Bureau -FY14

Administrative Analyst -	600 hrs @ \$24 00(1 1/2) per hr =	\$14,400
Management Analyst Specialist II -	680hrs @ \$23.00 per hr =	\$15,640
Revenue Band Manager -	160 hrs @ \$30.00 per hr =	\$4,800
		Total = \$34,840

Personnel Services Bureau FY14

Administrative Analyst III	40 hrs @ \$22.00 =	\$880
Management Analysis Spec I	160 hrs @ \$20.00 =	\$3,200
		Total = \$4,080

ASSUMPTION (continued)

The Department began digital imaging for issuance transaction related information in January 2005. Prior to digital imaging, source documents presented to the Department were microfilmed.

Since September 1, 2012 there are approximately 2,149,588 million pages that could potentially be "source documents". The Department plans to sweep the system to identify all commercial driver license holders to ensure their documents are not destroyed. All documents present with an application for a driver or nondriver license on or after September 1, 2012 will be destroyed. The application appears to meet the definition of a source document as defined in Section 302.065.5, RSMo.

If the application is not considered a source document, each and every one of the 2,149,588 pages will need to be reviewed by DLB staff to determine if they are in fact "source documents". When a source document is found, according to the proposed legislation, the document will need to be destroyed so as to make it irretrievable.

If the Department needs to review each document, the requirement to have all these documents destroyed by December 2013 is administratively and economically not feasible within the current revenue climate. In addition, there is no way to determine how long it may take just to review the 388,729 documents totaling 2,149,588 pages that have been digitally imaged as potential source documents since September 1, 2013, using current personnel. The total impact to review and destroy all source documents is unknown.

OA-ITSD Impact

Staff will need to:

- Create new screens to capture pertinent data;
- Change existing screens;
- Create new programs; and
- Change existing programs.

The level of effort needed to complete these requirements is valued at 560 FTE hours.

The cost for OA-ITSD is \$15,148.

In summary, DOR assumes a cost of \$54,068 (\$34,840 + \$4,080 + \$15,148) in FY 2014 to provide for the implementation of the changes in this section of this proposal.

KC:LR:OD

ASSUMPTION (continued)

§ 302.065.3

The proposed language in this section requires that:

- The department of revenue shall not retain copies of any certificate of qualification for a concealed carry endorsement presented to the department for an endorsement on a driver's license or nondriver's license under section 571.101.
- The department of revenue shall not use technology to capture digital images of a certificate of qualification nor shall the department retain digital or electronic images of such certificates.
- The department of revenue shall merely verify whether the applicant for a driver's license or nondriver's license has presented a certificate of qualification which will allow the applicant to obtain a concealed carry endorsement.
- The department of revenue shall not compile or retain a list of driver's license or nondriver's license applicants who have been issued concealed carry endorsements. An applicant's status as a holder of a certificate of qualification or a concealed carry endorsement shall not be retained in the department's computer information systems nor shall the department of revenue implement or maintain a computer information system that allows its employees, agents, or other computer users to cross-reference and review, using the name of driver's license holder or nondriver's license holder, any driver's license holder or nondriver's license holder's status as a holder of a certificate of qualification or a concealed carry endorsement.
- By December 31, 2013, the department of revenue shall securely destroy so as to make irretrievable any copies of certificates of qualification that have been obtained from driver's license or nondriver's license applicants.

The proposed language in section 302.065.3 is in direct conflict with section 571.104, RSMo, which requires the Department to post suspension, revocation or disqualification actions against a concealed carry endorsement per notice from the court or sheriff agency. The proposed language prohibits the department from storing data to the record related to issuance of a concealed carry endorsement holder, thus no subsequent action could occur.

Administrative Impact - Driver License Bureau (DLB)

This legislation requires DLB to:

- Modify all current procedures for review and retention of concealed carry certificates of qualification and concealed carry endorsement related documents;
- Modify website information as applicable related concealed carry endorsement procedures;

KC:LR:OD

ASSUMPTION (continued)

- Develop test grids for user acceptance testing of all license issuance and supporting system modifications;
- Complete user acceptance testing to ensure documents are issued with the concealed carry endorsement after change to remove storage of information;
- Define requirements for MEDLCI changes to incorporate a checklist process for license offices to indicate what source documents they reviewed for issuance of the transaction;
- Requires DLB to define procedures for access to all application images to remove all previously imaged copies of concealed carry certificates of qualification;
- Develop training materials required for internal staff and license office staff;
- Modify the Missouri Driver License (MODL) system to remove all reference to CCW endorsement issuance information;
- Modify the MODL system to remove all concealed carry endorsement related action and notification processes; and
- Remove the current concealed carry certificate storage file used for verification of valid certificate issuance.

Driver License Bureau - FY 14

Administrative Analyst -	200 hrs @ \$24.00(1 1/2) per hr =	\$4,800
Management Analyst Specialist II -	240 hrs @ \$23.00 per hr =	\$5,520
Revenue Band Manager -	40 hrs @ \$30.00 per hr =	<u>\$1,200</u>
		Total=\$11,520

Personnel Services Bureau - FY 14

Update Web Page Information - Administrative Analyst III	80 hrs @ \$22.00 =	\$1,760
Develop Procedures - Management Analysis Spec I	80 hrs @ \$20.00 =	<u>\$1,600</u>
		Total = \$3,360

OA-ITSD Impact

Staff will need to:

- Change existing screens;
- Remove existing concealed carry endorsement screens;
- Changes license printing and update process for documents issued with a concealed carry endorsement;
- Modify programs for data sent to law enforcement to remove concealed carry data fields no longer available; and
- Change existing programs.

KC:LR:OD

ASSUMPTION (continued)

The level of effort needed to complete these requirements is valued at 360 FTE hours.

The cost for OA-ITSD is \$9,738

In summary, DOR assumes a cost of \$24,618 (\$11,520 + \$3,360 + \$9,738) in FY 2014 to provide for the implementation of the changes in this section of this proposal.

§ 302.065.4

The proposed language indicates the provisions of section 302.065 shall not apply to any document required to be retained under federal motor carrier safety regulations in Title 49, Code of Federal Regulations. This allows the Department to continue review and storage of documents required for issuance of commercial driver license or commercial driver instruction permit documents.

§ 302.065.5

The proposed language defines the term "source documents" as used in this section to mean "original or certified copies, where applicable, of documents presented by an applicant as required under 6 CFR Part 37 to the department of revenue to apply for a driver's license or nondriver's license."

In addition this section includes language indicating "Source documents shall also include any documents required for the issuance, renewal, or replacement of driver's licenses or nondriver's licenses by the department of revenue under the provisions of this chapter or accompanying regulations."

The changes within this subsection will require the Department to:

- Modify procedures related to applicants with visual impairments required to present vision examinations in lieu of completing the examination in the license office or when they are unable to meet minimum vision readings when administered the test as part of the driver license or temporary instruction permit application.

ASSUMPTION (continued)

- Modify procedures and correspondence related to the review of applications to ensure the correct classification, endorsement and restrictions are issued based on vision examinations, written examination and skills examinations since we would not be able to determine errors made in processing. We would have to initiate correspondence to have the applicant return to the office to present the required documents again to verify the data.
- Modify procedures for verification of lawful status as required under Section 302.063, RSMo, and 302.181, RSMo. The Department would have to deny individuals presenting United States Customs and Immigration Services document for verification of lawful status when such document does not verify during initial check. Per the proposed changes in this section we would be unable to retain copies of the immigration document and any supporting documents for purposes of completing secondary and tertiary status reviews through the verification systems. Applicants would be turned away and required to contact the issuing agency for any status problem resolutions.
- Modify procedures related to verification of eligibility for J88 Hearing Impaired indicator, permanent disability indicators and veteran's indicators.
- Modify procedures related to medical review cases where applicants are required to present additional medical statements to complete their license application process, such as when applicant has had a self reported loss of consciousness.
- Modify forms and manual related to the submission and retention of source documents.
- Modify web site information related to source documents.

Administrative Impact

Driver License Bureau - FY 14

Administrative Analyst -	200 hrs @ \$24 00(1 1/2) per hr =	\$4,800
Management Analyst Specialist II -	200 hrs @ \$23.00 per hr =	\$4,600
Revenue Band Manager -	80 hrs @ \$30.00 per hr =	<u>\$2,400</u>
	Total =	\$ 11,800

Personnel Services Bureau - FY 14

Update Web Page Information - Administrative Analyst III	160 hrs @ \$22.00 =	\$3,520
Develop Procedures - Management Analysis Spec I	160 hrs @ \$20.00 =	<u>\$3,200</u>
	Total =	\$6,720

In summary, DOR assumes a cost of \$18,520 (\$11,800 + \$6,720) in FY 2014 to provide for the implementation of the changes in this section of this proposal.

KC:LR:OD

ASSUMPTION (continued)

§ 302.183.4

The proposed change removes the statement "The provisions of this subsection shall not apply to any data collected, obtained, or retained for a purpose other than compliance with the federal REAL ID Act of 2005." Impact of this section removal outlined within impact statements for proposed Section 302.065, RSMo.

§ 302.189

The proposed section prohibits the Department of Revenue from using, collecting, obtaining, sharing or retaining biometric data or use of biometric data to produce a driver's license or nondriver's license or to uniquely identify licensees or license applications. The Department assumes this does not prohibit the use of finger print technology for license office clerks to log into their computers.

§ 577.010 (and encompassing CCW permit sections)

Allows the Department to issue CCW endorsements until August 28, 2013 and creates a CCW permit which will be issued by the sheriff or sheriff's designee.

The proposed language in Section 302.065.3, RSMo, is in direct conflict with section 571.104.RSMo, which requires the Department to post suspension, revocation or disqualification actions against a concealed carry endorsement per notice from the court or sheriff agency. The proposed language prohibits the department from storing data to the record related to issuance of a concealed carry endorsement holder, thus no subsequent action could occur.

Administrative Impact -Driver License Bureau (DLB)

The changes require the Department to:

- Perform programming changes to Department systems to update the application process to eliminate the option to add or renew a concealed carry endorsement;
- Modify the design of the nondriver or driver license to remove option for CCW endorsement posting; and
- Work with the Office of State Courts Administrators to modify the reporting for concealed carry endorsement suspensions and revocations to ensure the form is submitted to the issuing sheriff agency.

ASSUMPTION (continued)

Driver License Bureau - FY 14

Administrative Analyst -	200 hrs @ \$24.00(1 1/2) per hr =	\$4,800
Management Analyst Specialist II -	240 hrs @ \$23.00 per hr =	\$5,520
Revenue Band Manager -	40 hrs @ \$30.00 per hr =	<u>\$1,200</u>
		\$ 11,520

Personnel Services Bureau - FY 14

Update Web Page Information - Administrative Analyst III	80 hrs @ \$22.00 =	\$1,760
Develop Procedures - Management Analysis Spec I	80 hrs @ \$20.00 =	<u>\$1,600</u>
		Total = \$3,360

OA-ITSD Impact

Programming changes will need to be made to Department systems.

The IT portion of this fiscal impact is calculated at 360 hours valued at \$9,738.

License Contractor hours:

MorphoTrust: 140 hours x \$200 per hr = \$28,000

The IT portion of the fiscal impact is estimated with a level of effort valued at \$37,738.

In summary, DOR assumes a cost of \$65,156 (\$11,520 + \$3,360 + \$9,738 + \$28,000 + \$37,738) in FY 2014 to provide for the implementation of the changes in this section of this proposal.

In summary, DOR assumes a cost of \$159,562 (\$54,068 + \$24,618 + \$18,520 + \$65,156) in FY 2014 to provide for the implementation of the changes in this section of this proposal.

Revenue Impact

There is a potential loss of general revenue collections due to the decrease in applicants for new, duplicate or renewal documents to add or retain a Concealed Carry Weapon (CCW) endorsement. It is assumed the majority of applicants would not apply for, or renew, the nondriver if the CCW endorsement was no longer a requirement since many applicants obtained the nondriver for CCW endorsement purposes only.

ASSUMPTION (continued)

164,879 Total CCW holders on file as of 2/4/2013.

X 97% Percentage of CCW endorsement holders with an NDL versus a driver license.

159,933 are the estimated number applicants with an NDL assumed to be for CCW endorsement purposes.

159,933/6 years = 26,656 estimated annual applicants for CCW endorsement on NDL.

26,656

x \$3 Fee for new or renewal nondriver with CCW.

\$79,968/12 = 6,664 x 6 months = \$39,984 estimated annual loss of General Revenue due to estimated reduction in NDL transactions from elimination of CCW endorsement for FY 14.

DOR estimates a \$79,968 annual loss of General Revenue due to estimated reduction in NDL transactions from elimination of CCW endorsement for FY15, FY 16 and beyond.

Cost Avoidance (Savings)

26,656 - Estimated annual applicants for CCW endorsement on NDL.

x \$2.23 - Vendor cost per printed card.

\$59,443/12 = \$4,954 x 6 months = \$29,722 FY 14 cost avoidance calculated for 6 months due to the January 1, 2014 implementation date.

DOR estimates a \$59,443 cost avoidance from no longer printing NDL with CCW endorsements in FY15 and FY16 and beyond.

License Office Impact

26,656

x \$2.50 Fee for new or renewal nondriver license with CCW endorsement.

\$66,640/12 = \$5,553 x 6 months = \$33,320 is the estimated FY 14 revenue loss from NDL transactions from elimination of CCW endorsement.

DOR estimates a \$66,640 annual loss of office processing fees to contract offices due to reduction in NDL transactions from elimination of CCW endorsement for FY 15 and FY 16 and beyond.

ASSUMPTION (continued)

The language in this section proposes that the provisions of Section A of this act be in full force and effect upon its passage and approval.

Due to the amount of system changes and procedure changes required to implement the provisions of this act and the required changes to procedures for the local sheriff's agencies and Missouri State Highway Patrol in regards to verification of certificates for a concealed carry endorsement the Department would be unable to complete all required changes to be effective upon passage and approval.

In addition, the Department is currently in the testing and implementation preparation phase for legislation passed in the 2012 session which is to be effective May 2013.

World War I Memorial Trust Fund

As of June 30, 2012, the World War II Memorial Trust Fund had \$304,281.54. The ten dollar donation option for this fund ends on August 28, 2013 with Senate Amendment 2, and creates a new ten dollar donation option to the World War I Memorial Trust Fund. The WWII Trust Fund has had averaged \$44,000 in donations for the past three years. If this legislation were to pass, **Oversight** estimates the World War I Memorial Trust Fund would receive a similar amount of donations (\$44,000 annually).

<u>FISCAL IMPACT - State Government</u>	FY 2014	FY 2015	FY 2016
GENERAL REVENUE			
<u>Savings</u> - DOR	\$29,722	\$59,443	\$59,443
Elimination of printing endorsements			
<u>Cost</u> - DOR			
Administrative expenses to review and destroy all source documents	(\$159,562)	\$0	\$0
<u>Loss</u> - DOR	(\$39,984)	(\$79,968)	(\$79,968)
Elimination of CCW endorsements fees			
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$169,824)</u>	<u>(\$20,525)</u>	<u>(\$20,525)</u>
WORLD WAR I MEMORIAL TRUST FUND			
<u>Revenue</u> - DOR	<u>\$36,700</u>	<u>\$44,000</u>	<u>\$44,000</u>
\$10 donation			
ESTIMATED NET EFFECT TO THE WORLD WAR I MEMORIAL TRUST FUND	<u>\$36,700</u>	<u>\$44,000</u>	<u>\$44,000</u>
CRIMINAL RECORD FUND			
<u>Cost</u> - MHP	(\$150,000)	(\$10,250)	(\$10,506)
Programming Expense			
ESTIMATED NET EFFECT TO THE CRIMINAL RECORDS FUND	<u>(\$150,000)</u>	<u>(\$10,250)</u>	<u>(\$10,506)</u>

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
	<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.

FISCAL DESCRIPTION

Under this act, the Department of Revenue shall not retain copies, in any format, of source documents presented by individuals applying for or holding driver's licenses or nondriver's licenses. In addition, the Department of Revenue shall not use technology to capture digital images of source documents so that the images are capable of being retained in electronic storage in a transferable format.

The act further requires the Department of Revenue, by September 11, 2013, to securely destroy any source documents that have been obtained from driver's license or nondriver's license applicants.

The act defines "source documents" as original or certified copies of documents presented by an applicant as required under federal law to the Department of Revenue to apply for a driver's license or nondriver's license. Source documents shall also include any documents required for the issuance, renewal, or replacement of driver's licenses or nondriver's licenses by the Department of Revenue.


This legislation has 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.

L.R. No. 0626-05
Bill No. Perfected SS for SB 252
Page 17 of 17
April 9, 2013

SOURCES OF INFORMATION

Department of Revenue
Department of Public Safety - Missouri Highway Patrol
Office of the Secretary of State



Ross Strope
Acting Director
April 9, 2013