

Fiscal Note

State of Alaska
2022 Legislative Session

Bill Version: SB 194
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB194-DOA-DMV-04-05-22
Title: ALLOW ELECTRONIC DRIVERS' LICENSES AND ID
Sponsor: KAWASAKI
Requester: SENATE STATE AFFAIRS

Department: Department of Administration
Appropriation: Motor Vehicles
Allocation: Motor Vehicles
OMB Component Number: 2348

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Services	138.9		138.9	138.9			
Travel							
Services	3,650.0		2,500.0	2,000.0	1,000.0	500.0	500.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	3,788.9	0.0	2,638.9	2,138.9	1,000.0	500.0	500.0

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	3,788.9		2,638.9	2,138.9	1,000.0	500.0	500.0
Total	3,788.9	0.0	2,638.9	2,138.9	1,000.0	500.0	500.0

Positions

Full-time							
Part-time							
Temporary	1.0		1.0	1.0			

Change in Revenues

1004 Gen Fund (UGF)	2,597.0		3,091.8	3,586.6	4,081.5	4,576.3	5,071.1
Total	2,597.0	0.0	3,091.8	3,586.6	4,081.5	4,576.3	5,071.1

Estimated SUPPLEMENTAL (FY2022) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2023) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/22

Why this fiscal note differs from previous version/comments:

The narrative has been updated to correct the vendor contract timeline to calendar years instead of fiscal years.

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Approved By: Leslie Isaacs, Administrative Services Director
Agency: Department of Administration
Phone: (907)465-8464
Date: 03/08/2022
Date: 04/06/22

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2022 LEGISLATIVE SESSION

BILL NO. SB 194

Analysis

This bill allows the Division of Motor Vehicles (DMV) to issue electronic driver licenses (DLs), driver permits (DPs) and identification (IDs) cards. The DMV will be required to adopt regulations for the issuance and use of the electronic DLs, DPs and IDs. Additionally this bill establishes a new fee of \$50 for an electronic DL or ID, in addition to the cost of a physical DL, DP or ID.

The bill increases fees for all noncommercial vehicles and motor-driver cycles from \$20 to \$30; all commercial motor vehicles from \$100 to \$155; instruction permit from \$15 to \$23; duplicate DL or instruction permit from \$15 to \$23; temporary license and renewal of permit from \$5 to \$8; school bus driver's endorsement renewal from \$5 to \$8; and adds an electronic driver's license or permit for \$50.

DMV used the revenue reports from 2019, 2020, 2021, to create an average number of transactions per type of fee, then multiplied by \$11 for all noncommercial vehicles and motor-driver cycles; \$55 for all commercial motor vehicles; \$8 for instruction permit; \$8 for duplicate DL or instruction permit; \$11 for temporary license and renewal; and \$3 for school bus driver's endorsement. This increase equals \$2,102,167.00 estimated revenue per year.

Figure 1.

Alaska Driver Licenses and Permits	Fee Code	2019	2020	2021	Average	/ by Fee	Average # of Transactions	New Fee Structure Increase	Estimated Revenue
Noncommercial Vehicles and Motor-driven cycles	D01, D03, D23	\$ 2,444,214	\$ 2,809,319	\$ 2,358,853	\$ 2,537,462	\$ 20	126,873	\$11	\$ 1,395,604
Instruction permit	D01P	\$ 174,120	\$ 146,520	\$ 171,255	\$ 163,965	\$ 15	10,931	\$8	\$ 87,448
Duplicate DL or instruction permit	D02, D24, D25	\$ 516,171	\$ 395,775	\$ 404,294	\$ 438,747	\$ 15	29,250	\$8	\$ 233,998
Temporary license and renewal of permit	D05, D03P	\$ 26,305	\$ 30,840	\$ 32,395	\$ 29,847	\$ 20	1,492	\$11	\$ 16,416
School bus driver's endorsement renewal					\$ -			\$3	\$ -
All commercial motor vehicles	C01, C03	\$ 684,706	\$ 739,570	\$ 586,820	\$ 670,365	\$ 100	6,704	\$55	\$ 368,701
									\$ 2,102,167

DMV then assumed that in the first year, 5% of the DL/ID holders would opt in to the electronic version of either their drivers license, permit or identification card. DMV assumes that in future years the number would increase in increments of 5% more each year.

Figure 2.

Electronic Driver Licenses and Permits		2023	2024	2025	2026	2027	2028
		5%	10%	15%	20%	25%	30%
Total average # of transactions	175,250	8,763	17,525	26,288	35,050	43,813	52,575
Electronic DLs & Permits - Rev Projection	\$50	\$ 438,125	\$ 876,250	\$ 1,314,375	\$ 1,752,500	\$ 2,190,625	\$ 2,628,750

Alaska Identification Card	Fee Code	2019	2020	2021	Average	/ by Fee	Average # of Transactions
ID Cards	I01, I03	\$ 387,870	\$ 324,680	\$ 308,065	\$ 340,205	\$ 15	22,680

Estimated Electronic IDs		2023	2024	2025	2026	2027	2028
		5%	10%	15%	20%	25%	30%
Total average # of transactions	22,680	1,134	2,268	3,402	4,536	5,670	6,804
Estimated Electronic ID Revenue	\$50	\$56,700	\$113,400	\$170,100	\$226,800	\$283,500	\$340,200

Combining the estimated annual revenue from the increase in fees (Fig. 1) and the assumed electronic driver licenses and id cards (Fig. 2) gives the following estimated revenue.

Figure 3.	2023	2024	2025	2026	2027	2028
TOTAL ESTIMATED REVENUE	\$ 2,596,992	\$ 3,091,817	\$ 3,586,642	\$ 4,081,467	\$ 4,576,292	\$ 5,071,117

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DMV will need to identify, through trusted means, a third party application that can accommodate the electronic driver license, permits and identification process. It is expected that DMV will need to add one temporary non-permanent PCN as a project manager for the first three years to ensure proper oversight, security, review and planning is accomplished.

The project is estimated to cost \$10,150,000, which is spread out over a six year project timeline. Those costs are broken down as follows:

FY2023: Determine the scope of work, find a vendor for the hardware once a detailed scope can be determined. (\$3.65 million)

FY2024: Determine all the vendors, testers, and decision makers. Create planning documents, select the vendors, start building and implementing the solution. (\$2.5 million)

FY2025: Complete the software building with all scoped items / hardware planning and set up testing plans. (\$2 million)

FY2026: Complete full end-to-end testing with all hardware, with all security objects, ensure full security compliance with single-sign-on authentication scheme (SSO) and ensure DMV signs off on all testing and results. (\$1 million)

FY2027: Deploy the solution to the public, begin the process of reviewing the solution chosen and that it is meeting all DMV requirements, begin maintenance mode for the solution and it's hardware. (\$500,000)

FY2028: Examine the solution after its release, rework any needed issues, updates and plans for continued support. (\$500,000)

Additional note: DMV's current contract with its license card vendor runs through calendar year (CY) 2023. DMV will begin the procurement process to seek out a new license card vendor in mid CY2023, to begin in CY2024. DMV plans to request in the Request for Proposal (RFP) process that contract bidders incorporate an electronic Driver's License and Identification Card option in addition to Alaska's normal card offerings in their proposal, which will allow DMV to fully examine costs of adding an electronic licensing option, providing for how an Alaskan citizen can potentially select to receive a traditional hard card, an electronic option, or both. This may allow DMV to examine and vet what modern technological options are available in the industry and potentially take advantage of cost saving solutions that have already been created, should legislative approval be granted to proceed.

cost ≠ codes