

FISCAL NOTE

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Bill Version SCS HB 16(RLS)
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) HB016CS(RLS)-DOA-DMV-05-13-17 Dept. Affected Department of Administration
Title DRIV.LICENSE REQ; DISABILITY: ID & TRAINING Appropriation Motor Vehicles
Allocation Motor Vehicles
Sponsor THOMPSON
Requester SENATE RULES COMMITTEE OMB Component Number 2348

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY18 Appropriation Requested	Included in Governor's FY18 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY18	FY18	FY19	FY20	FY21	FY22	FY23
Personal Services							
Travel							
Services			528.7	528.7	264.3	264.3	132.1
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	528.7	528.7	264.3	264.3	132.1

FUND SOURCE (Thousands of Dollars)							
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)		528.7	528.7	264.3	264.3	132.1
1007	I/A Rcpts (Other)						
1037	GF/MH (UGF)						
		0.0	0.0	528.7	528.7	264.3	132.1

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	FY18	FY18	FY19	FY20	FY21	FY22	FY23
1005 GF/Prgm (DGF)			1,586.0	1,586.0	793.0	793.0	396.5
1251 Non-UGF Revenue							
TOTAL CHANGE IN REVENUES	0.0	0.0	1,586.0	1,586.0	793.0	793.0	396.5

Estimated SUPPLEMENTAL (FY17) operating costs 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY18) costs 1,500.0 (separate capital appropriation required)
(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If yes, by what date are the regulations to be adopted, amended, or repealed? 7/1/2019 Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

Senate Rules Committee substitute version - updated to add provisions pertaining to the implementation of the federal REAL ID Act.

Prepared by Senate Rules Committee
Division _____
Approved by Senator Kevin Meyer
Agency Senate Rules Committee

Phone 907-465-6875
Date/Time 5/13/17 12:00 AM
Date 5/13/2017

FISCAL NOTE ANALYSIS

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Analysis

REAL ID is the Federal Government's program to improve the reliability and accuracy of state-issued identification documents. In 2008, the Alaska Legislature passed a law prohibiting the use of state funds to implement the REAL ID Act in Alaska. Phase 1 of the REAL ID Act applies to federal facilities and went into effect in October of 2016. Alaska secured a Homeland Security extension through June 6, 2017. After that date, if Alaska is not compliant or has not secured an additional extension, Alaska-issued driver licenses and state identification cards (ID) will no longer be accepted as a form of identification at military bases or other federal facilities. Alaskans will need to present a passport or other federally issued ID to gain entry to a federal facility.

In Phase 2, if Alaska is not compliant or has not secured an additional extension by January 22, 2018, Alaska-issued driver licenses or state ID cards will no longer be accepted for air travel requiring TSA screening. By October 1, 2020, only REAL ID compliant identification or other federal ID will be accepted for travel requiring TSA screening and for access to all military bases and federal facilities. No further extensions will be granted to states.

The CS for HB 16 allows DMV to charge an additional \$20 to issue a federally compliant driver license or identification card.

Initial cost to DMV to produce a REAL ID compliant license or identification card:

DMV will need a \$1.5 million Capital appropriation to become REAL ID compliant.

The breakdown of the costs is:

\$ 400,000 - integration of verification programs
\$ 200,000 - Additional license designators/security designs
\$ 500,000 - Equipment for statewide offices
\$ 400,000 - Development work for card printing contractor including software update, card templates
\$ 1,500,000 Total

Ongoing costs of a REAL ID compliant driver license/ID card:

The annual production cost of a REAL ID compliant driver license or state ID will increase. Currently, a driver license or state ID costs \$1.92 to produce and mail. A REAL ID license or ID card is estimated to cost \$5 more per card. DMV anticipates 50% of Alaskans will opt for a REAL ID license or ID card. In FY 16, DMV issued 169,219 driver licenses and 42,253 ID cards.

DMV cost estimate to produce a REAL ID compliant drivers license and ID card

169,219 Driver Licenses
+ 42,253 ID Cards
211,472 Total
211,472 x 50% = 105,736
105,736 x \$5 (additional REAL ID production cost) = \$528,680

FISCAL NOTE ANALYSIS

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Analysis

DMV will charge an additional \$20 to issue a REAL ID compliant license or identification card. The additional cost to DMV to produce each card is \$5. All excess fees collected are returned to the general fund.

169,219 yearly driver licenses
+ 42,253 yearly ID cards
211,472 Total driver licenses and ID cards

FY2019 and FY2020 estimated revenue

\$1,586,040 = (211,472 x 50% = 105,736 total driver licenses and ID cards) excess fee for REAL ID compliant drivers license and ID card.

We anticipate demand for REAL ID compliant driver licenses and ID cards to taper off by approximately 50% after the first two years which will result in less revenue.

FY2021 and FY2022 estimated revenue

\$ 793,020 = (105,736 x 50% = 52,868 total driver licenses and ID cards) excess fee for REAL ID compliant drivers license and ID card.

DMV anticipates the revenue for FY2023 will drop by 50%.

The bill requires DMV to add a voluntary designator to an identification card or drivers license that will signify the person has a cognitive, mental, neurological, or physical disability.

This bill requires DMV to update the driver manual to include the duties and responsibilities of drivers with an identified disability when they encounter a law enforcement agent.

DMV can provide these services for minimal additional resources and does not anticipate a fiscal impact with passage of these provisions.