

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	SCS HB 16(RLS)
Fiscal Note Number:	7
(S) Publish Date:	5/13/2017

Identifier: HB016CS(RLS)-DOA-DMV-05-13-17
 Title: DRIV. LICENSE REQ;DISABILITY:ID &TRAINING
 Sponsor: THOMPSON
 Requester: SENATE RULES COMMITTEE

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)

	FY2018	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2018 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018						
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 (Operating Only)

1005 GF/Prgm (DGF)			528.7	528.7	264.3	264.3	132.1
Total	0.0	0.0	528.7	528.7	264.3	264.3	132.1

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1005 GF/Prgm (DGF)			1,586.0	1,586.0	793.0	793.0	396.5
Total	0.0	0.0	1,586.0	1,586.0	793.0	793.0	396.5

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 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 If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/19

Why this fiscal note differs from previous version:

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

Prepared By: Senator Meyer
 Senate Rules Committee

Phone: (907)465-4945
 Date: 05/13/2017

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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BILL NO. SCS HB 16(RLS)

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.