Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	HB 74
Fiscal Note Number:	3
(H) Publish Date:	1/23/2017

Identifier: DOA-DMV-01-20-17
Title: REAL ID Act Compliance
Sponsor: RULES BY REQUEST OF THE GOVERNOR
Requester: Governor

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 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2018**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
Personal Services							
Travel							
Services			528.7	528.7	264.4	264.4	132.2
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**0.0**	**0.0**	**528.7**	**528.7**	**264.4**	**264.4**	**132.2**
Fund Source (Operating Only)							
1005 GF/Prgm (DGF)			528.7	528.7	264.4	264.4	132.2
Total	**0.0**	**0.0**	**528.7**	**528.7**	**264.4**	**264.4**	**132.2**
Positions							
Full-time							
Part-time							
Temporary							
Change in Revenues							
1005 GF/Prgm (DGF)			528.7	528.7	264.4	264.4	132.2
Total	**0.0**	**0.0**	**528.7**	**528.7**	**264.4**	**264.4**	**132.2**

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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/18

Why this fiscal note differs from previous version:

Not applicable; initial verson.

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Division:	Motor Vehicles	Date:	01/20/2017 10:00 AM
Approved By:	Sheldon Fisher, Commissioner	Date:	01/20/17
Agency:	Administration		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

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.

Phase 2 impacts access to air travel requiring TSA security screening. 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. A federally-issued identification such as a passport will be needed for 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.

Initial cost to DMV:
DMV will need $1.5 million in a 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

Ongoing costs:
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 FY16 DMV issued 169,219 driver licenses and 42,253 id cards.

169,219 Driver Licenses
+ 42,253 ID Cards
211,472 Total

211,472 x 50% = 105,736
105,736 x $5 (addt production cost) = $528,680.

DMV will need an increment of $528,680 for the first two years to cover the additional production costs for the compliant cards. DMV will charge an additional fee for REAL ID compliant cards to cover the increased costs. DMVanticipates demand will taper off in subsequent years. The increment is necessary for DMV to spend and receive the revenue generated. All excess fees are returned to the general fund.

Revenue:
To cover the increased production costs, REAL ID compliant driver licenses and ID cards will cost applicants an additional $5 per license or card.

DMV will complete current system upgrades in December of 2017, implement infrastructure upgrades in FY18 and will be ready to produce REAL ID compliant cards in FY19.