

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	CSHB 74(FIN)
Fiscal Note Number:	4
(H) Publish Date:	5/10/2017

Identifier: HB074CS(STA)-DOA-DMV-04-18-17
 Title: DRIVER'S LICENSE & ID CARDS & REAL ID ACT
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: House Finance

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 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

1004 Gen Fund (UGF)			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 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

Why this fiscal note differs from previous version:

Committee substitute version - updated to include increased fee, estimated revenue for federally compliant driver licenses and ID cards and declining production cost. Regulation adoption date has been moved forward one year. This fiscal note shows the reduced net/statewide change in revenues to the general fund. For example, in FY19, operating cost expenditures are estimated to be \$528.7 GF/PR and the total GF/PR revenue is estimated to be \$2,114.7. Therefore, the net statewide increased revenue to the general fund is \$1,586.0.

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 Approved By: Sheldon Fisher, Commissioner
 Agency: Administration

Phone: (907)269-5574
 Date: 04/18/2017 04:00 PM
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**REPORTED OUT OF
HFC 05/10/2017**

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.

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 74 allows DMV to charge an additional \$20 to issue a federally compliant driver license or identification card. The original bill allowed for an additional \$5 fee.

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 FY16 DMV issued 169,219 driver licenses and 42,253 ID cards.

DMV cost estimates 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

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. CSHB74

Analysis

Revenue:

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%.