

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 16, 2007

TO: Honorable Frank Corte, Jr., Chair, House Committee on Defense Affairs & State-Federal Relations

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2869 by Corte, Frank (Relating to the issuance of driver's licenses and identification cards.), **As Introduced**

The bill amends certain provisions of the Transportation Code related to driver's licenses and identification cards to comply with the federal REAL ID Act. Driver's licenses and identification cards would include digital photographs with full legal names, gender and principal residence to comply with federal card issuance requirements. The time frame for expiration of driver's licenses and identification cards for non-citizens would be one year from the date of issuance or the expiration of the cardholder's lawful presence in the United States as determined by the responsible federal agency. Provisions of the bill are effective September 1, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain/ (Loss) from <i>TEXAS MOBILITY FUND</i> 365	Change in Number of State Employees from FY 2007
2008	(\$10,202,944)	\$8,986,100	4.0
2009	(\$3,990,234)	\$8,986,100	4.0
2010	(\$3,990,234)	\$8,986,100	4.0
2011	(\$3,990,234)	\$8,986,100	4.0
2012	(\$3,990,234)	\$8,986,100	4.0

Fiscal Analysis

To comply with the federal REAL ID Act, provisions of the bill amend some of the driver's license and identification card requirements that are in the Transportation Code. Driver's licenses and identification cards would include digital photographs with full legal names, gender and principal residence to comply with federal card issuance requirements. The time frame for expiration of driver's

licenses and identification cards for non-citizens would be one year from the date of issuance or the expiration of the cardholder's lawful presence in the United States as determined by the responsible federal agency. The fee for a driver's license or identification card issued to non-citizens would be set at \$15. The fee for issuance or renewal of a provisional license or learner's license would increase from \$5 to \$10. The bill repeals use of substitute identification cards issued by the Department of Criminal Justice for prisoners and repeals issuance of commercial driver's licenses for non-residents. Provisions of the bill are effective September 1, 2007.

Methodology

It is assumed that to comply with federal law a number of new documentation verification systems will be developed, totaling \$14,193,178 for the 2008—09 biennium. System enhancements include \$6,336,000 for a Network Information Management System; \$4,866,735 for a Driver Record Information Verification System; \$2,016,820 for a Digital Image Exchange System; and \$1,474,600 for System Alien Verification.

It is assumed that 524,855 non-citizens per year will pay the \$15 fee for identification cards (totaling \$7,872,825 annually), and that 222,655 individuals per year will pay the \$5 increase in learner permits and provisional driver's licenses (totaling \$1,113,275 annually).

The fiscal impact of HB 2869 does not reflect the full cost of implementation of the REAL ID Act, estimated to be \$131,321,343 for the 2008-09 biennium and \$372,750,900 over 5 years.

State Highway Fund 6 is assumed as the method of finance. The U.S. Congress is currently considering legislation that could delay implementation of REAL ID and provide federal funds for costs related to its implementation. The U.S. Department of Homeland Security will consider requests to delay implementation until January 2009 and will allow states to use 20 percent of each state's allocation of federal Homeland Security Program funds for REAL ID purposes.

Technology

It is assumed that to comply with federal law a number of new documentation verification systems will be developed, totaling \$14,193,178 for the 2008—09 biennium. System enhancements include \$6,336,000 for a Network Information Management System; \$4,866,735 for a Driver Record Information Verification System; \$2,016,820 for a Digital Image Exchange System; and \$1,474,600 for System Alien Verification.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 405 Department of Public Safety, 601 Department of Transportation, 696 Department of Criminal Justice

LBB Staff: JOB, ES, KE, GD