

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 30, 2009

TO: Honorable Tommy Merritt, Chair, House Committee on Public Safety

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

IN RE: HB4036 by Merritt (Relating to public safety and 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, 2009.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Texas Mobility Fund</i> 365	Probable Savings/(Cost) from <i>State Highway Fund</i> 6
2010	\$19,234,650	(\$19,234,650)
2011	\$19,234,650	(\$19,234,650)
2012	\$19,234,650	(\$19,234,650)
2013	\$19,234,650	(\$19,234,650)
2014	\$19,324,650	(\$19,234,650)

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 who meet federal requirements 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 and would be set at \$25. The fee for issuance or renewal of a provisional license or learner's license would increase from \$5 to \$10. The fee for non-resident Commercial driver license and Temporary Commercial driver license is \$50 and does not increase, but adds non-citizens as an eligible category if they meet federal requirements and pay the applicable fees. 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, 2009.

Methodology

It is assumed that to comply with federal law a number of new documentation verification systems will be developed, totaling \$24,101,756 for the 2010—11 biennium. System enhancements include \$4,967,249 for Minimum Document Requirements System; \$2,525,066 for a Driver Record Information Verification System; \$479,140 for a Facial Imaging System; and \$1,759,760 for a System Alien Verification; \$5,071,777 for a Document Retention System; \$702,182 for Temporary DL/ID cards; \$92,527 for Online Social Security Verification; \$8,116,934 for an Electronic Verification of Vital Events System; and \$387,121 for a Department of State Interface System.

Based on FY 2008-09 data from the Department of Public Safety (DPS), it is assumed that 524,855 non-citizens per year will pay the \$25 fee for identification cards and driver's license cards (totaling \$13,121,375 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 number of non-citizens per year that will pay the \$50 fee for Commercial and Temporary Commercial driver's licenses is unknown, but because of possible NAFTA international trucking rule changes pending in the US Department of Transportation, the LBB estimates 100,000 new non-citizen Commercial driver license and Temporary Commercial driver license applicants (totaling \$5,000,000 annually).

The fiscal impact of HB 2869 does not reflect the full cost of implementation of the REAL ID Act. DPS estimated the full cost of REAL ID to be \$104,946,733 for the 2010-11 biennium in their Legislative Appropriation Request, a cost of \$448,853,021 over 5 years.

State Highway Fund 6 is assumed as the method of finance. The final REAL ID rule takes into consideration the operational burdens on states and Texas was allowed to obtain an extension beyond the original implementation deadline of December 31, 2009, by demonstrating a material level of compliance with the act and the final rule. The Department of Homeland Security (DHS) has identified milestones that must be met to achieve material compliance. If the state can certify they have met this level of compliance, DHS will extend the enrollment time period to replace all DL/IDs for people born after December 1, 1964, to December 1, 2014 and for people born on or before December 1, 1964, to December 1, 2017. After December 1, 2017, federal agencies will not accept any state-issued DL/ID for official Federal purposes unless such cards have been issued by states that have certified to DHS their full compliance with this rule. States are allowed to use up to 20 percent of their 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 \$24,101,756 for the 2010—11 biennium. System enhancements include \$4,967,249 for Minimum Document Requirements System; \$2,525,066 for a Driver Record Information Verification System; \$479,140 for a Facial Imaging System; and \$1,759,760 for a System Alien Verification; \$5,071,777 for a Document Retention System; \$702,182 for Temporary DL/ID cards; \$92,527 for Online Social Security Verification; \$8,116,934 for an Electronic Verification of Vital Events System; and \$387,121 for a Department of State Interface System.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety

LBB Staff: JOB, ESi, GG, LG, GD