# COMMITTEE ON LEGISLATIVE RESEARCH OVERSIGHT DIVISION

#### **FISCAL NOTE**

L.R. No.: 0401-05

Bill No.: SS #2 for HCS for HB 151 with SA 1, SA 2, SA 3 and SA 4

Subject: Elections; Homeland Security; Identity Theft and Protection; Department of

Revenue; Licenses - Driver's; Federal - State Relations; Veterans

<u>Type</u>: Original

Date: May 10, 2017

Bill Summary: This proposal allows the Department of Revenue to issue REAL ID

compliant driver's licenses and identification cards.

## **FISCAL SUMMARY**

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND  |             |                          |   |  |
|---|-------------|--------------------------|---|--|
| FUND AFFECTED   | FY 2018     | FY 2019                  | FY 2020                                   |  |
| General Revenue   | (\$437,228) | Greater than (\$882,770) | Greater than (\$2,437,773 to \$3,480,399) |  |
| Total Estimated Net Effect on General Revenue  Greater than (\$2,437,773 to (\$437,228) (\$882,770)  \$3,480,399) |             |                          |   |  |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS       |         |         |         |
|---|---------|---------|---------|
| FUND AFFECTED                                   | FY 2018 | FY 2019 | FY 2020 |
|   |         |         |         |
|   |         |         |         |
| Total Estimated Net Effect on Other State Funds | \$0     | \$0     | \$0     |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 17 pages.

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| ESTIMATED NET EFFECT ON FEDERAL FUNDS                        |         |         |         |
|--|---------|---------|---------|
| FUND AFFECTED  | FY 2018 | FY 2019 | FY 2020 |
|  |         |         |         |
|  |         |         |         |
| Total Estimated<br>Net Effect on <u>All</u><br>Federal Funds | \$0     | \$0     | \$0     |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) |         |         |         |
|--|---------|---------|---------|
| FUND AFFECTED                                      | FY 2018 | FY 2019 | FY 2020 |
| General Revenue                                    | 0 FTE   | 6 FTE   | 6 FTE   |
|  |         |         |         |
| Total Estimated Net Effect on FTE                  | 0 FTE   | 6 FTE   | 6 FTE   |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS |         |         |         |
|-------------------------------------|---------|---------|---------|
| FUND AFFECTED                       | FY 2018 | FY 2019 | FY 2020 |
| Local Government \$0 \$0 \$         |         |         |         |

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#### FISCAL ANALYSIS

#### **ASSUMPTION**

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to a previous version, officials at the **Department of Revenue (DOR)** stated the following regarding this proposal:

In presenting this fiscal response, the Department assumes that because there would be enabling legislation USDHS would grant an extension to October 1, 2020 in order to comply with the Act. Regardless, the Department needs at least 18 to 24 months to make all necessary changes to comply with the Act.

#### \$302.170.1

The proposed section lists definitions for biometric commercial purposes and source documents.

#### §302.170.2

The proposed provisions prohibit the Department from retaining copies of source documents presented by applicants applying for or holding driver licenses or nondriver licenses, except as provided in subsection 3 and subsection 4 of this section.

#### §302.170.3

The proposed section defines the documents that are to be retained by the Department, including:

- Original application forms;
- Test score documents issued by state highway patrol examiners;
- Documents demonstrating lawful presence for applicants who are citizens of the United States;
- Any document required to be retained under federal motor carrier regulations in Title 49,
   Code of Federal Regulations for the issuance of commercial driver licenses and commercial instruction permits; and
- Any other document at the request of and for the convenience of the applicant where the applicant requests the Department review alternative documents.

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## **ASSUMPTION** (continued)

## §302.170.4(1)

This section proposes to modify current prohibiting language and require the Department to amend procedures in order to comply with the provisions of the Act "unless such action conflicts with Missouri law."

#### §302.170.4(2)

This section allows applicants to opt-out of being issued a REAL ID compliant driver or nondriver license. Applicants would be issued a non-compliant document that will not be valid for official federal purposes. This proposed section indicates that the Department shall inform applicants of the option of being issued a REAL ID compliant document or a document that is not REAL ID compliant. This proposed section also requires the Department to provide details in regards to validity and collection requirements for a REAL ID compliant document versus a document not compliant with REAL ID. Although these are merely notifications, the Department assumes that it could not act in a manner inconsistent with the notification requirements.

The Department assumes applicants will be provided the option and information at the time of processing in the license office since new, duplicate, and early renewal applicants may not have received information prior to application. It is assumed the applicant will be required to make a selection of the type of document they wish to be issued by selecting the option of a REAL ID compliant or non-compliant document type. This additional discussion, review and selection time may result in additional wait times for applicants in the license office.

The License Offices Bureau will need to ensure license office personnel are properly trained on issuing the new compliant driver license/nondriver license and related requirements and disclosures by conducting regional training meetings throughout the state.

Customer wait times will increase in the license offices due to discussions with customers on the differences between a compliant and noncompliant document and for review and collection of the documents required for a compliant license. The additional volume of early renewal/duplicate license applicants is projected to increase wait times.

The turnaround time for license offices to fill vacancies may increase due to the finger print background check requirement. This could also increase license office wait times.

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#### ASSUMPTION (continued)

# <u>§302.</u>170.5

The Department of Revenue must be notified by the Department of Homeland Security before they are allowed to issue a driver's license or identification cards compliant with the federal REAL ID Act.

#### Senate Amendment 1

**Oversight** notes this amendment removes the wording for section 302.170.5 and renumbers the following sections.

#### **DOR** further noted:

## §302.170.5

In order to fully comply with the REAL ID Act, the Department would be required to have anyone associated with the processing, producing, or manufacturing of a Real ID driver license or Real ID nondriver license to undergo a fingerprint based background check.

## §302.170.6

The provisions of the proposed section specify individuals shall not have their privacy rights violated in order to obtain or retain a noncommercial driver license, noncommercial instruction permit, or nondriver license.

#### §302.170.7

The proposed language provides that no citizen of this state shall have his or her privacy compromised and the state shall within reason protect the sovereignty of the citizens of the state. The provisions of this subsection further define that any data derived from a person's application shall not be sold for commercial purposes to any other organization or state without permission of the applicant or court order. Such information, as allowed by the proposed section, may be shared with law enforcement agencies, judges, prosecuting attorneys, or officer of the court, or for conducting driver history checks in accordance with federal regulation. The state of Missouri shall not participate in any standardized identification system using driver and nondriver license records except as provided by this section.

#### §302.170.8

**Oversight** notes this version of the proposal adds penalty provisions for violations of this subsection; with a first offense resulting in a class A misdemeanor, a second offense resulting in a class E felony and any third or subsequent offense resulting in a class D felony. Oversight assumes there will be minimal violations of this subsection and will not reflect a fiscal impact.

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#### ASSUMPTION (continued)

## §302.170.9

The proposed language allows for individuals harmed or damaged by a violation of this section to bring civil action for damages, including non-economic and punitive damages, as well as injunctive relief, in the circuit court where the person resides or in the circuit court of Cole County.

## §302.170.10

The provisions of this section allow the Department of Revenue to promulgate rules necessary to implement the provisions of this section.

#### §302.170.11

The proposed section requires that biometric data, digital images, source documents, and licensee signatures, or any copies of the same required to be collected or retained to comply with the REAL ID Act, shall only be retained for the minimum duration required by the Act.

#### §302.170.15

**Oversight** notes this version of the proposal requires that the provisions of section 302.170 shall expire five years after the effective date.

**DOR** further noted to implement a fully compliant REAL ID process along with an option for obtaining a non-compliant driver or nondriver license, the Department would incur the costs indicated below and would be required to do the following:

- Work with OA-ITSD to develop requirements and design documents for changes to the Missouri Electronic Driver License (MEDL) system to support issuance of a REAL ID compliant document according to the provisions of the Act;
- The Department would not store facial images captured for applicants applying for a non-compliant document;
- Work with OA-ITSD to develop requirements and design documents for changes to the MEDL system to display an informational window with details of use and requirements for REAL ID compliant versus a non-compliant document for the applicant to review and select the type of document they wish to be issued;
- Based on the selection of document type REAL ID compliant versus non-REAL ID compliant, MEDL would collect and store facial images and document images accordingly;
- Develop new certification statement to be included on the license verification statement so applicants can review and agree before signing and finalization of the compliant or non-compliant transaction;

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## ASSUMPTION (continued)

- Modify systems and procedures to re-verify the Social Security Number with the Social Security Administration at the time of driver or nondriver license issuance or renewal;
- Develop required memorandums of agreement for available verification systems required by the Act as applicable;
- Work with OA-ITSD to develop new interfaces for available electronic verification systems not currently being utilized, such as verification of passports, vital records and state-to-state inquiries for verification of prior REAL ID document issuance;
- Implement a new state-to-state verification service to ensure persons opting to obtain a REAL ID compliant document do not hold any other REAL ID document or have surrendered such document as required (if deemed a necessary component for compliance by the United States Department of Homeland Security (USDHS));
- Modify driver and nondriver license card design and printing to issue documents with REAL ID compliant markings and designation of non-compliant document as not for federal identification purposes;
- Complete necessary user acceptance testing of changes to the MEDL application and other supporting applications;
- Complete user acceptance testing in cooperation with the Department's document production vendor to verify all required document design and printing changes have been completed for compliant and non-compliant document formats;
- Document and submit required security plans pursuant to provisions of the Act for internal Driver License Bureau processing areas, license offices, and the document printing facility;
- Initiate fingerprint based background checks for all DOR, license office, and vendor personnel;
- Modify all driver license and nondriver license issuance procedures to incorporate changes required to comply with the provisions of the Act for compliant documents and alternate procedures for issuance of the non-compliant documents;
- Conduct office training sessions as needed to implement system changes and verification document review and collection requirements;
- Update website and manuals to include information regarding the option and requirements for a REAL ID compliant document and non-compliant document;
- Modify renewal post cards or develop new renewal notification letters to include information regarding option for a REAL ID compliant document or non-compliant driver or nondriver license, documents required and other applicable requirements for each option;
- Modify current driver license system edits related to the adding of a Veteran indicator;
- Modify the Uniform License Issuance Manual (ULIM) procedures related to the Veteran indicator issuance;

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## ASSUMPTION (continued)

- Modify the Department's website related to documents required to obtain a Veteran indicator;
- Develop and submit an exception process document to the USDHS for approval, including, but not limited to, issuance of a non-expiring nondriver license for persons 70 years of age and older or photograph exemption for documents issued to religious objectors; and
- Obtain USDHS approval of processes to determine compliance.

## Administrative Impact

#### FY 2018 Driver License Bureau (DLB)

| Administrative Analyst II - 1,584 hrs. @ \$19.43 per hr. =        | \$30,777  |
|---|-----------|
| Management Analyst Specialist II - 1,706 hrs. @ \$23.61 per hr. = | \$40,279  |
| Revenue Band Manager II - 1,028 hrs. @ \$30.59 per hr. =          | \$31,447  |
|   | \$102,503 |
| FY 2019 Driver License Bureau (DLB)                               |           |
| Administrative Analyst II - 1,344hrs. @ \$19.43 per hr. =         | \$26,114  |
| Management Analyst Specialist II - 1,456hrs. @ \$23.61 per hr. =  | \$34,376  |
| Revenue Band Manager II - 1,008 hrs. @ \$30.59 per hr. =          | \$30,835  |
|   | \$91,325  |
| FY 2020 Driver License Bureau (DLB)                               |           |
| Administrative Analyst II - 1,344hrs. @ \$19.43 per hr. =         | \$26,114  |
| Management Analyst Specialist II - 1,456hrs. @ \$23.61 per hr. =  | \$34,376  |
| Revenue Band Manager II - 1,008 hrs. @ \$30.59 per hr. =          | \$30,835  |
|   | \$91,325  |

#### Inquiries FY 2019

The Department assumes there will be an estimated 10% increase in public inquires and inquiries to and from other state and federal entities regarding new procedures and verification system responses. FY 2019 and on-going.

170,000 Total potential increased inquiries first year of implementation (Est 10%)

- ÷264 Total days of service per annual period
- ÷ 100 Estimated # of calls expected per TIO.
  - 6 Estimated # of Revenue Processing Tech I

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## <u>ASSUMPTION</u> (continued)

#### Administrative Impact (continued)

6 FTE x \$27,180 monthly salary = \$163,080 in FY 2018 x 1% inflationary cost = \$164,711 estimated annual cost in FY 2019 and \$166,358 in FY 2020

#### FY 2018 - Personnel Service Bureau

| Update Web Page Information - Administrative Analyst III | 20 hrs. @ $$22.59 = $452$ |
|--|---------------------------|
| Develop Form - Management Analysis Spec I                | 20 hrs. @ \$20.94 = \$419 |
| Develop Procedures - Management Analysis Spec I          | 20 hrs @ \$20.94 = \$419  |
|  | Total = \$1,290           |

#### FY 2019 - Personnel Services Bureau

| Update Web Page Information- Administrative Analyst II | II 80 hrs. $\textcircled{a}$ \$22.59 = \$1,807 |
|--|--|
| Develop Form - Management Analysis Spec I              | 80 hrs. @ \$20.94 = \$1,675                    |
| Develop Procedures - Management Analysis Spec I        | 120 hrs. @ $$20.94 = $2,512$                   |
|  | Total = <b>\$5,994</b>                         |

# FY 2020 - Personnel Services Bureau

| Update Web Page Information- Administrative Analyst III | 1 80 hrs. @ $$22.59 = $1,920$       |
|---|-------------------------------------|
| Develop Form - Management Analysis Spec I               | 80 hrs. @ \$20.94 = \$1,675         |
| Develop Procedures - Management Analysis Spec I         | 120 hrs. @ \$20.94 = <u>\$2,512</u> |
|   | Total = <b>\$5,994</b>              |

#### FY 2020 License Offices Bureau (LOB)

Regional training expenses will be incurred in FY 2020 to train license office staff in the amount of approximately \$4,500. These travel costs include mileage, hotel, and meals for LOB staff to conduct six different training sessions throughout the state as well as related printing costs for training materials.

OA-ITSD services will be required at a cost of \$331,857 (4,424.76 hours x \$75 per hour) in FY 2018.

#### Document Vendor Cost

Estimated vendor cost to complete document design and printing changes to implement proposed provisions to print a REAL ID compliant or non-compliant document with applicable markings in FY 2020 will be **\$28,000**.

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#### ASSUMPTION (continued)

# Administrative Impact (continued)

#### Birth Certificate Verification (NAPHSIS)

Total Annual Subscription Fees (\$100 per month)

The Department of Revenue must implement available system(s) for electronic verification of source documents when available. The currently available system for birth certificate verification is through the National Association for Public Health Statistics and Information Systems (NAPHSIS).

The estimated costs included below do not include an allowable jurisdiction specific certification match fee which is based on the specific state cost for a birth or death certificate. The Department has prepared this fiscal note with the assumption that Missouri Department of Health and Senior Services will waive this additional fee for Missouri document verifications completed by the Missouri DOR.

The estimated costs do not include costs for re-submission of verification requests due to data entry errors. The potential number of additional \$0.55 transactions fees is unknown.

The Department is providing a range based on the amount of Missourians that opt to obtain a REAL ID compliant driver or nondriver license. The range is from 60% to 100% shown below:

| Annual license issuance estimate:   | 1,700,000   |
|---|-------------|
| Reduction due to Passport:  | -344,440    |
| Estimated # of applicants presenting a Birth Certificate                  | 1,355,560   |
| 60% REAL ID opt in rate   | 60%         |
| Verifications annually:   | 813,336     |
| 100% REAL ID opt in rate  | 100%        |
| Verifications annually:   | 1,355,560   |
| NAPHSIS per transaction (\$0.55)/Jurisdiction Verification Match Fee (\$1 | .35) \$1.90 |

Total Estimated Annual Cost for Birth Certificate Verification - 60% (813,336 x \$1.90) = **\$1,546,538** 

\$1,200

Total Estimated Annual Cost for Birth Certificate Verification - 100% (1,355,560 x \$1.90) = \$2,576,764

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#### ASSUMPTION (continued)

# Administrative Impact (continued)

NOTE: The costs for the verifications will be an annual estimated on-going cost after implementation. This is assumed because individuals applying for non-compliant licenses may later apply for a REAL ID compliant license and all new applicants who may opt to obtain a compliant document.

#### U.S. Passport Verification Services

| One time verification system set-up fee | \$8,440                                   |
|---|---|
| 60% REAL ID opt in rate:                | 206,664  transactions  x \$.09 = \$18,600 |
| 100% REAL ID opt in rate:               | 344,440 transactions x $$.09 = $31,000$   |

#### Social Security On-Line Verification (SSOLV) System

Estimated annual increased cost to complete re-verifications of social security numbers for renewal applicants (per transaction cost of \$0.050 x 717,897 renewals based on FY 16 renewals): \$35,895

# State to State Verification System (If required for compliance)

Implement a new state to state verification system to comply with provisions of the Act to ensure an applicant is only issued one REAL ID compliant document at any time.

| Flat Rate One Time Implementation Fee FY 2018   | \$96,331   |
|---|--|
| Estimated per state fee FY 2019 equals = FY 2019 annual per driver fee \$0.0720 x 4,350,927 = FY 2019 Estimated Annual Cost for State to State Verification=                                      | \$29,651<br><u>\$313,267</u><br><b>\$342,918</b> |
| Estimated per state fee FY 2020 and on-going (assuming 10% increase) of FY 2020 annual per driver fee \$0.0720 x 4,350,927= Estimated Annual Cost State to State Verification FY 2020/ on-going = | equals = \$32,616<br>\$313,267<br>\$345,883      |

The Department cannot guarantee that the current estimated per state annual fee or the \$0.072 per driver fee will be the required fee at the time of implementation. Any increase or decrease in the amount charged to the Department will directly affect the fiscal impact of this proposed legislation.

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#### ASSUMPTION (continued)

# Administrative Impact (continued)

#### Fingerprint Based Criminal Background Checks

State Fee = \$20.00 FBI Fee = \$12.00 Collection Vendor Fee =  $\frac{$8.30}{$40.30}$ 

1,700 = Estimated number of initial employees requiring initial background checks. Includes 1,430 LOB employees and 270 DLB employees

#### FY 2019 Initial Background Check Costs

 $1,700 \times $40.30 = $68,510$ 

# FY 20 and Ongoing Background Check Costs

768 x \$40.30 = \$30,950 estimated on-going annual cost Estimated 700 new employee (49% turnover rate) checks for LOB Estimated 68 new employee (25% turnover rate) checks for DLB

#### Overall Estimated Impact

This fiscal note has been prepared with the information available to the DOR at this time. The DOR is currently prohibited from working with the USDHS to fully understand what implementation steps are necessary for Missouri to guarantee compliance with the Act. This fiscal note does not account for software and/or programming that may be required in order to perform any additional verification required to meet application or system security requirements. If such software or programming is required, the DOR would request additional funding through the appropriations process.

These costs represent the ongoing costs for what is estimated to continue for approximately six years (allowing for the six years after implementation when non-compliant licenses will expire).

Due to the USDHS domestic travel restrictions deadline of October 2020, it is assumed approximately 60% of the current license holders, not yet eligible for renewal, wanting to update their document to be REAL ID compliant, would request a document during the first two fiscal years of implementation. Assuming a possible 30% opt-in rate annually, the Department may have increased cost for completion of required verifications and document costs.

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#### ASSUMPTION (continued)

If federal grants are available to the DOR to assist with implementation costs, the DOR would apply for such grants and work with the appropriations committees to ensure such money could be used for implementation. The State will continue to experience costs after the initial six years when non-compliant licenses expire.

Every new applicant will have the option to obtain a REAL ID compliant document and any individual that didn't originally request a REAL ID compliant document could request a compliant document which will result in additional costs for ongoing electronic verifications.

#### Senate Amendment 2

**Oversight** notes this amendment adds a provision that the DOR shall not collect a duplicate license fee for issuance of a REAL ID compliant driver's license or identification card. Oversight has removed the revenue amounts indicated on previous versions of this fiscal note.

In addition, DOR could have a negative impact from this proposal by having to cover the costs associated with providing the duplicate licenses and identification cards without being able to recover those costs by charging a fee.

#### Senate Amendment 3

**Oversight** notes this amendment requires DOR to store documents retained for REAL ID compliant licenses solely on a system not connected to the internet or a wide area network that connects to the internet.

**DOR** estimates additional costs of "Greater than \$200,000" per year from this amendment.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget.

Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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# ASSUMPTION (continued)

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Transportation** assume the proposal will have no fiscal impact on their organization.

Officials from the **Joint Committee on Administrative Rules** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Officials from the **Department of Public Safety - Missouri Highway Patrol** assume the proposal will have no fiscal impact on their organization.

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| FISCAL IMPACT - State Government        | FY 2018            | FY 2019            | FY 2020             |
|---|--------------------|--------------------|---------------------|
| GENERAL REVENUE                         |                    |                    |                     |
| Cost - DOR                              |                    |                    |                     |
| Personal Services 6 FTE (p. 8)          | \$0                | (\$164,711)        | (\$166,358)         |
| Fringe Benefits                         | \$0                | (\$59,359)         | (\$59,849)          |
| Equipment and Expense                   | \$0                | (\$46,072)         | \$0                 |
| Regional training expenses (p. 9)       | \$0                | \$0                | (\$4,500)           |
| OA-ITSD services (p. 9)                 | (\$331,857)        | \$0                | \$0                 |
| Server and associated costs for storage | , , ,              | Greater than       | Greater than        |
| (Senate Amendment 3, p. 13)             | \$0                | (\$200,000)        | (\$200,000)         |
| Document vendor cost (p. 9)             | \$0                | \$0                | (\$28,000)          |
| NAPHSIS subscription fee (p. 10)        | (\$600)            | (\$1,200)          | (\$1,200)           |
| Birth certificate verifications (p. 10) | \$0                | \$0                | (\$1,546,538 to     |
| <b>Q</b> ,                              |                    |                    | \$2,576,764)        |
| Passport one-time fee and annual        | (\$8,440)          | \$0                | (\$18,600 to        |
| verifications (p. 11)                   | •                  |                    | \$31,000)           |
| State-to-State one-time fee and annual  | (\$96,331)         | (\$342,918)        | (\$345,883)         |
| verifications (p. 11)                   |                    |                    |                     |
| Social Security verifications (p. 11)   | \$0                | \$0                | (\$35,895)          |
| Background checks (p. 12)               | <u>\$0</u>         | <u>(\$68,510)</u>  | (\$30,950)          |
| Total Costs - DOR                       | (\$437,228)        | Greater than       | Greater than        |
|   |                    | <u>(\$882,770)</u> | (\$2,437,773 to     |
|   |                    |                    | \$3,480,399)        |
| FTE Change - DOR                        | 0 FTE              | 6 FTE              | 6 FTE               |
|   |                    |                    | C                   |
|   |                    | C4141              | Greater than        |
| ESTIMATED NET EFFECT TO                 | (0427 220)         | Greater than       | (\$2,437,773 to     |
| GENERAL REVENUE                         | <u>(\$437,228)</u> | <u>(\$882,770)</u> | <u>\$3,480,399)</u> |
| Estimated Net FTE change for General    | 0 FTE              | 6 FTE              | 6 FTE               |
| Revenue Fund                            |                    | V                  |                     |
|   |                    |                    |                     |
| FISCAL IMPACT Local Covernment          | FY 2018            | FY 2019            | FY 2020             |
| FISCAL IMPACT - Local Government        | ГІ 2018            | Г1 2019            | Г Г 2020            |
|   |                    |                    |                     |
|   | <u><b>\$0</b></u>  | <u><b>\$0</b></u>  | <u>\$0</u>          |

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#### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

#### FISCAL DESCRIPTION

This proposal requires the Department of Revenue to amend its procedures for applying for a driver's license or identification card in order to comply with the federal REAL ID Act. The department is currently prevented from complying with the act. This proposal requires that the department give applicants the option of either a compliant license or a license that is not in compliance with the federal REAL ID Act. The department will be required to inform applicants of the differences between the compliant and non-compliant forms of license, specifically that the REAL ID compliant driver's license can be used for federal purposes such as domestic air travel and gaining access to military bases and most federal government facilities while the non-compliant license cannot. The proposal specifies that any biometric data collected for these purposes will be retained only for the purposes of complying with the REAL ID Act.

This act contains an emergency clause.

This act contains an expiration contingency clause.

This legislation is federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Revenue Department of Public Safety - Missouri Highway Patrol Office of the Secretary of State Joint Committee on Administrative Rules Department of Transportation

Mickey Wilson, CPA

Mickey Wilen

Ross Strope

KB:LR:OD

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Director May 10, 2017 Assistant Director May 10, 2017