

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1667H.011
 Bill No.: HB 950
 Subject: Department of Revenue; Licenses - Driver's
 Type: Original
 Date: February 9, 2025

Bill Summary: This proposal prohibits the Department of Revenue from requiring applicants to provide a social security number and allows applicants to provide their own photographs when applying for a non-REAL ID-compliant driver's license or nondriver's identification cards.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	Could exceed (\$67,500)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	Could exceed (\$67,500)	\$0 to (Unknown)	\$0 to (Unknown)

*Oversight assumes the potential cost to DOR to implement this proposal could exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Highway Fund*	\$0 to (\$2,120,887)	\$0 to (\$2,120,887)	\$0 to (\$2,120,887)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (\$2,120,887)	\$0 to (\$2,120,887)	\$0 to (\$2,120,887)

*Potential loss of funds collected from commercial transactions and testing programs if Missouri's CDL program is decertified.
 Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Federal Highway Funds*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*Oversight assumes the potential loss of federal highway funds will exceed \$250,000.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government*	\$0 to (\$706,962)	\$0 to (\$706,962)	\$0 to (\$706,962)

*Potential loss of funds collected from commercial transactions and testing programs if Missouri's CDL program is decertified.

FISCAL ANALYSIS

ASSUMPTION

§§302.171, 302.181, 302.735& 304.351 – Driver License Provisions

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

§302.171.1

Removes Social Security number (SSN) from the list of primary personal information data elements required for collection as part of driver license and nondriver identification card application requirements.

Adds language prohibiting the department from requiring applicants to provide SSN or documentation of such when applying for non-REAL ID compliant driver licenses or nondriver licenses.

Collection of the SSN has been part of the licensing application or form of license provisions requiring collection as a record keeping element, identifier, and fraud deterrent measure under §302.181 RSMo as of 1971, and later within §302.171 application requirements.

Use of the SSN, is a key element in secure record management in Missouri and across all U.S. licensing agencies in accordance with federal laws, policies and best practices for secure identity management, SSN restriction of use and privacy protection laws. Collection and verification of the SSN is an identify fraud prevention measure within Missouri records and when determining fraud that could impact other state licensing agencies. Use of the SSN, which is a common unique identifier for eligible persons is key to mitigating risks of multiple credentials and records that may have suspensions or revocations that remove driving privileges.

§302.181.1

Adds a provision exempting applicants from being photographed when applying for a non-REAL ID compliant driver license or nondriver license. The applicant “..may instead submit an alternative photograph or digitized image of the applicant, provided that the photograph or digitized image is: in color; size such that the head is between one inch and one and three-eighths inches; taken within the last six months to reflect the applicants current appearance; taken in front of a plain white or solid color background; and taken in full face view directly facing the camera with a neutral expression with both eyes open and visible”

Prohibits applicants from wearing a hat or head covering that obstructs hair or hairline in the alternative photograph provided unless such is worn daily for a religious purpose. Proposed language adds further prohibitions on wearing headphones or other similar devices in the alternative photograph.

Any collection or use of alternate photos must comply with card security and design standards to ensure the credential formats meet Federal and state credential format requirements. If the alternate photo collection cannot be standardized to provide consistent quality, public entities, other state licensing agencies and others may choose to no longer accept Missouri's non-REAL ID credential for identification purposes.

If the photo standards for the non-REAL ID with alternate photo cannot be maintained, the Department may be required to consider two distinct credential formats. One that is secure and meets ICAO standards and security provisions for REAL ID and AAMVA Card Design Standards as referenced in the regulations defining state licensing agency provisions for compliance with the REAL ID Act of 2005 and subsequent amendments.

There is an unknown system and administrative cost impact if the Driver License Bureau is required to increase quality assurance evaluations of collected images and printed credentials that may result in applicant recalls retaking or resubmitting acceptable photos. The volume of such reviews would have to be determined upon implementation based on initial evaluations of contract office service transaction compliance.

§302.735.1

Proposes to restrict the collection of SSN as part of an application for commercial driver license to REAL ID-compliant licenses only.

The collection of an SSN as part of a commercial learner's permit to commercial driver license application is mandated by the Federal Motor Carrier Safety Regulations defined in 49 CFR 383 and as it ties to recordkeeping for commercial drivers further defined in 49 CFR 384. Failure to meet the data collection and recordkeeping provisions may result in a noncompliance finding as defined in 49 CFR 384.301. The first year of noncompliance may result in a withholding of 4% of Federal Highway aid funding apportioned to the state and an amount of up to 8% for second and subsequent years of noncompliance.

Further, under 49 CFR 384.405 the Administrator may prohibit a State found to be in noncompliance from performing commercial license or permit transactions.

Decertification of Missouri's commercial learner's permit and commercial driver license issuance program would have far reaching impacts to citizens, the Missouri trucking industry, commercial drivers, Commercial Driver License Third Party Testers, entry level driver training programs administered in Missouri, businesses that rely on commercial carriers and others. Loss of funding will impact DPS-MSHP, MoDOT services and other programs and services supported by federal aid highway funds or Missouri commercial driver license fee collections.

In addition to a loss of federal appropriations, commercial transactions and testing programs collected, approximately \$2,827,849 in monies, which are distributed to the Hwy Fund, and Cities and Counties during FY 2024, may be lost if program decertification occurred.

Oversight will reflect a \$0 to “Unknown” loss of federal highway funds if Missouri is found to be out of compliance with federal regulations regarding data collection and recordkeeping provisions. Oversight assumes the potential loss of federal highway funds will exceed \$250,000 per fiscal year.

Oversight will also reflect the loss of \$0 to \$2,827,849 in funds collected from commercial transactions and testing programs if Missouri’s CDL program is decertified to the Highway Fund (75%), Cities (15%) and Counties (10%).

Administrative Impact

DOR notes to implement the proposed legislation, the Department will be required to:

- Review rules and regulations and initiate changes through JCAR and SOS as applicable.
- Develop project documentation development and oversight of project.
- Work with FAST, the MVDL System vendor to develop requirements for changes to the MO driver license system (internally referred to as FUSION) to:
 - Remove SSN from mandatory application and record establishment for driver license record system.
 - Modify inquiry/response evaluation edits for mandatory State Pointer Exchange Service/Driver History Record Exchange/Problem Driver Pointer System and other data exchange applications mandated for commercial and noncommercial driver programs.
 - Remove collection and scanning requirements for SSN verification documents where applicable and post to the record offenses of driving with expired registration; and upon notification of compliance of registration renewal and request for removal and allow for system updates to remove the offense from the active driver record information.
 - Add system changes and changes to ICAO compliance reviews that allow in-person transaction applicants to submit an alternate photo for scanning or by digital file submission to be used for issuance of driver license, permit or nondriver ID.
- Update policies.
- FAST complete changes and user testing for FUSION.
- Update procedures, forms, and the Department website.
- Update internal procedures.
- Update the Missouri Driver Guide (on-line and printed versions).
- Update the Missouri CDL Manual.
- Modify internal training programs and train staff.

- Public information releases regarding any impacts to DOR programs and any other state or federal programs that may be reliant on driver record verifications that may be hindered by the SSn collection prohibitions proposed.
- Work with FMCSA regarding possible noncompliance findings and potentially program decertification which would require program changes to stop issuance or renewal of commercial permit and license documents.
- Work with licensing program partners and other State license agencies to communicate any changes to Missouri's record keeping processes and problem resolutions for management of potential duplicate records between states and requirements to meet REAL ID compliance provisions to ensure only one REAL ID compliant card is issued.

FY 2026 - Driver License Bureau

Research/Data Assistant 300hrs. @ \$19.29 per hr. =\$5,937

Research/Data Analyst 400 hrs. @ \$28.75 per hr. =\$11,500

Administrative Manager 200 hrs. @ \$31.21 per hr. =\$6,242

FY 2026 - Communications Office

Associate Research/Data Analyst 100 hrs. @ \$23.04 per hr. = \$2,304

Total = **\$25,983**

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

DOR notes there is an undetermined impact for costs that may be incurred by the Driver License Bureau and Communications Office to change programs and work with state and federal agency partners to resolve CDL program noncompliance findings or take action to stop commercial license and permit issuance and testing programs and all related functions if the Missouri CDL program is decertified after continued noncompliance.

Manual Printing

Due to the significant change in testing requirements, additional costs may be incurred by DOR and MSHP to reprint the non-commercial driver guide and commercial driver license manual and destroy any unused outdated materials. Currently MSHP incurs the cost for printing of the manuals. Potential loss is unknown and will be based on the number of printed manuals in stock at the time of distribution of the new manuals.

FUSION Impact

FY 2026

Estimate of change order cost to amend application requirements to remove SSN collection from non-REAL ID noncommercial and commercial driver license applications and amend programs for service transaction provision to collect an alternate photo for use on the issued credential.

\$225 x 300= **\$67,500**

There may be a future vendor cost incurred if commercial program noncompliance findings result in state decertification which prevents issuance of commercial driver licenses or permits and related transactions and testing programs. The determination of such action after continued noncompliance would be made by the Federal Motor Carrier Safety Administration.

Oversight does not have information to the contrary and therefore, Oversight will reflect the FUSION estimates as provided by DOR.

In addition, Oversight will reflect a \$0 to “Unknown” cost to DOR for potential increased costs to implement the provisions of this proposal. Oversight assumes these costs could exceed \$250,000.

Officials from the **Missouri Department of Transportation** and **Department of Public Safety - Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND*			
<u>Cost – DOR – potential costs to implement provisions of the proposal*</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost – DOR – FUSION impact</u>	<u>(\$67,500)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	Could exceed <u>(\$67,500)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
HIGHWAY FUND			
<u>Loss – potential loss of funds collected from commercial transactions and testing centers</u>	\$0 to <u>(\$2,120,887)</u>	\$0 to <u>(\$2,120,887)</u>	\$0 to <u>(\$2,120,887)</u>
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	\$0 to <u>(\$2,120,887)</u>	\$0 to <u>(\$2,120,887)</u>	\$0 to <u>(\$2,120,887)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
FEDERAL HIGHWAY FUNDS**			
<u>Loss</u> – potential loss of funding due to Missouri being found out of compliance with federal regulations	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL HIGHWAY FUNDS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

*Oversight assumes the potential cost to DOR to implement this proposal could exceed \$250,000.

**Oversight assumes the potential loss of federal highway funds will exceed \$250,000.

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u> (Cities 15%) – potential loss of funds collected from commercial transactions and testing centers	\$0 to <u>(\$424,177)</u>	\$0 to <u>(\$424,177)</u>	\$0 to <u>(\$424,177)</u>
<u>Loss</u> (Counties 10%) – potential loss of funds collected from commercial transactions and testing centers	\$0 to <u>(\$282,785)</u>	\$0 to <u>(\$282,785)</u>	\$0 to <u>(\$282,785)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 to <u>(\$706,962)</u>	\$0 to <u>(\$706,962)</u>	\$0 to <u>(\$706,962)</u>

FISCAL IMPACT – Small Business

Small commercial driving companies, testing centers and training programs could be impacted as a result of this proposal.

FISCAL DESCRIPTION

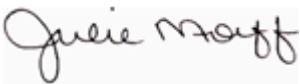
This bill prohibits the Department of Revenue from requiring an applicant for a non-REAL ID compliant driver's license or nondriver's license to provide a Social Security number or be

photographed. Instead of being photographed, an applicant may provide an alternative photograph or digital image provided that the photograph or image meets criteria specified in the bill.

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

SOURCES OF INFORMATION

Department of Revenue
Missouri Highway Patrol
Missouri Department of Transportation



Julie Morff
Director
February 9, 2025



Jessica Harris
Assistant Director
February 9, 2025