

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1667H.02C
Bill No.: HCS for HB 950
Subject: Department of Revenue; Licenses - Driver's
Type: Original
Date: March 27, 2025

Bill Summary: This proposal allows applicants who do not have social security numbers who are citizens to instead submit an affidavit affirming citizenship when applying for a non-real id complaint driver's license or nondriver's license.

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 (0644)*	\$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 Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Oversight notes there is a **potential** (speculative) loss of Title IV-D federal share of up to \$52.4 million and an “Unknown” potential loss to federal highway funds which is not included for fiscal note purposes.

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

This proposal adds a provision to mandate that a United States citizen, applying for a licensure or ID, who have never had a Social Security Number (SSN), may sign an affidavit affirming citizenship, in lieu of providing the SSN.

The DOR currently requires persons without an SSN to attest to such at the time of application in addition to providing a form from the Social Security Administration, confirming an SSN has not been issued. This affidavit would not change current mandates for verifying citizenship or lawful status at the time of application,

This proposal removes SSN from the list of primary personal information data elements required for collection as part of driver license and nondriver identification card application requirements.

This proposal 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 as of 1971, and later within §302.171 application.

§302.181.1

This proposal adds a provision allowing applicants for a non-REAL ID-compliant card to request that their photo not be maintained.

Some high impact implications of not storing the photo include but are not limited to:

- Prohibit drivers from using online services for the purpose of remote renewal or duplicate requests as allowed by law since the prior photo would no longer be available.
- Promotes fraudulent applications and the use of fraudulent documents issued by fraud providers, since entities who have access to validate the card presented against records on file would no longer be an option, the primary agency being law enforcement.

- Other jurisdictions, MO and other state law enforcement, immigration enforcement, social service agencies and others would no longer have access to images for their business purposes, restricting investigations and potentially putting law enforcement personnel and others at risk.
- Prevents individuals from participating in future programs such as mobile driver license.
- Prevents acceptance of a non-REAL ID for entities who are allowed access to highly restricted personal information under the Driver Privacy Protection Act (DPPA) and MO law, that validate driver license and identity documents such as TSA, airlines, online authentications for programs such as FAFSA, student loans, federal tax record access and others that currently allow a person to submit their document or upload a copy of their document to allow for verification against state records to confirm identity for access to online services.

This proposed language does not apply to persons applying for a commercial driver license or commercial learners permit under federal commercial document issuance regulations and §302.740.

§302.181.4

Proposes that Department cannot use any facial recognition programs when capturing images. This language prohibiting use of facial recognition at time of image capture, conflicts with changes in §302.026 that were TAFP'd and effective under HB 1963, allowing use of software for fraud prevention.

§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 assumes the risk to federal highway funds for DPS-MHP and MoDOT is speculative; therefore, for fiscal note purposes, Oversight will not be presenting the potential loss in the fiscal note.

Oversight will 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%).

§304.351.13

DOR notes, this proposal allows for the court to submit orders of suspension without an SSN if such driver is waived from SSN collection as a United States citizen who has not been issued an SSN and attesting to such at the time of license or ID issuance.

If there is not a current credential issuance on record with the DOR, the court would have the individual meet such conditions of no SSN when issuing the order.

There is no system impact for DOR, orders for persons without SSN are accepted and processed today.

Administrative Impact

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 400hrs. @ \$19.29 per hr. = \$7,716

Research/Data Analyst 320 hrs. @ \$28.75 per hr. = \$9,200

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 = **\$25,462**

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.

$\$225 \times 300 = \$67,500$

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 **Department of Social Services (DSS)** assume the following regarding this proposal:

Child Support (CS)

DOR not obtaining and recording Social Security numbers (SSNs) for individuals under proposed §302.171 would inhibit the Family Services Division (FSD) CS program’s daily and quarterly file match process with the DOR, Driver License (DLB) Bureau which is driven by SSN match. The Missouri Automated Child Support Services system receives information regarding Missouri driver licenses from DOR DLB via file interface for custodial parties, noncustodial parties and alleged fathers to assist in the establishment of paternity and child support and the enforcement of child support orders.

It is unknown how many individuals will complete the affidavit process in lieu of providing SSNs under this proposed legislation, but the number is anticipated to be minimal as most individuals have been assigned SSNs.

However, under this proposed legislation, individuals may complete the affidavit “under penalty of perjury” without any additional documentation from the Social Security Administration or certification necessary.

The FSD CS program obtains driver license photographs of individuals from the DOR DLB on a limited basis for service of process or for situations in which there is a negative paternity testing result and a question of identity. Under proposed §302.181.2, the DOR DLB would not retain the photographs taken during the application process if requested by the applicant; therefore, these photographs would no longer be available to the FSD CS program.

Section 466 (a) (13) of the Social Security Act requires the state IV–D agency to have in effect laws requiring that the SSNs of any applicant for a driver license be recorded on the application for the license. Section 454 (20) of the Act requires that a Title IV–D State Plan must provide that the state have in effect all of the laws to improve child support enforcement effectiveness and procedures to implement such laws found in Section 466.

Proposed §302.735.1 allows an applicant for a non–REAL ID compliant commercial driver license to submit the affidavit in proposed §302.171 only if waiving the Social Security number requirement does not conflict with any requirement under federal law. Therefore, it is assumed that applicants for a non–REAL ID commercial driver licenses would be required to provide a Social Security number on the application as required in federal law. Proposed §302.171 however continues to allow applicants for non–REAL ID compliant driver licenses and nondriver licenses to complete the affidavit process in lieu of providing Social Security numbers and does not include the language that the Social Security requirement is waived only if there is no conflict with federal law requirements.

The Title IV–D state plan requires FSD’s child support program to enact state laws to comply with federal laws governing the child support program. It is a state plan requirement that SSNs be recorded on applications for licenses.

The FSD CS program must be in compliance with all Title IV–D state plan requirements in order to receive federal funding. If there are not procedures in place requiring SSNs of individuals to be included on applications for driver licenses as required by 466 (a) (13) of the Social Security Act, Missouri could have IV–D state compliance implications. Title IV–D state plan noncompliance will result in the loss of federal funding for the state’s child support program (\$52.4 million for FFY 2024). Having an approved Title IV–D state plan is a condition of eligibility for a Temporary Assistance for Needy Families (TANF) block grant under Title IV–A of the Social Security Act. If the Federal government determines Missouri’s IV–D state plan is noncompliant, Missouri’s TANF funding (\$216.3 million) could potentially be reduced. FSD is unsure how much the reduction in funding would amount to; therefore, this amount is not included in the overall fiscal impact of this legislation. In order to continue child support program services at its current level, any loss of federal funding would have to be replaced with General Revenue.

Therefore, the fiscal impact of non-compliance would range from \$0 to \$52.4 million General Revenue.

Oversight assumes the risk to Title IV-D Federal funds is speculative; therefore, for fiscal note purposes, Oversight will not be presenting the potential loss in the fiscal note.

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* (§§302.171, 302.181, 302.735 & 304.351) p. 7</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost – DOR – FUSION impact (§§302.171, 302.181, 302.735 & 304.351) p. 7</u>	(\$67,500)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	Could exceed (\$67,500)	\$0 to (Unknown)	\$0 to (Unknown)
HIGHWAY FUND (0644)			
<u>Loss – potential loss of funds collected from commercial transactions and testing centers (§302.735) p. 5</u>	\$0 to (\$2,120,887)	\$0 to (\$2,120,887)	\$0 to (\$2,120,887)
ESTIMATED NET EFFECT ON THE HIGHWAY FUND (0644)	\$0 to (\$2,120,887)	\$0 to (\$2,120,887)	\$0 to (\$2,120,887)

*Oversight assumes the potential costs to DOR to implement the provisions of this proposal could 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 (§302.735) p. 5	\$0 to (\$424,177)	\$0 to (\$424,177)	\$0 to (\$424,177)
<u>Loss</u> (Counties 10%) – potential loss of funds collected from commercial transactions and testing centers (§302.735) p. 5	\$0 to (\$282,785)	\$0 to (\$282,785)	\$0 to (\$282,785)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 to (\$706,962)	\$0 to (\$706,962)	\$0 to (\$706,962)

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 proposal allows applicants who do not have social security numbers who are citizens to instead submit an affidavit affirming citizenship when applying for a non-real id complaint driver's license or nondriver's license.

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
Department of Social Services



Julie Morff
Director
March 27, 2025



Jessica Harris
Assistant Director
March 27, 2025