

**FINAL
FISCAL NOTE**

Drafting Number: LLS 13-0503	Date: July 18, 2013
Prime Sponsor(s): Sen. Ulibarri; Morse Rep. Melton	Bill Status: Signed into Law
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TITLE: CONCERNING DOCUMENTARY EVIDENCE NEEDED FOR AN INDIVIDUAL TO BE ISSUED AN IDENTITY DOCUMENT BY THE DEPARTMENT OF REVENUE, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
State Revenue				
Cash Funds		<u>\$976,983</u>	<u>\$325,668</u>	<u>\$325,668</u>
Licensing Services Cash Fund		949,069	316,353	316,353
Identification Security Cash Fund		27,914	9,315	9,315
State Expenditures	<u>\$436,390</u>	<u>\$697,173</u>	<u>\$229,397</u>	<u>\$229,397</u>
General Fund	425,774			
Cash Funds				
Licensing Services Cash Fund	10,616	667,864	219,627	219,627
Identification Security Cash Fund		29,309	9,770	9,770
FTE Position Change		4.4 FTE	4.4 FTE	4.4 FTE
Effective Date: The bill was signed into law by the Governor on June 5, 2013, and takes effect August 7, 2013, assuming no referendum petition is filed.				
Appropriation Summary for FY 2013-2014: See State Appropriations section.				
Local Government Impact: See Local Government Impact section.				

Summary of Legislation

This bill allows the state to issue a driver's license, minor's driver's license, instruction permit or state-issued identification card (state-issued documents) to a noncitizen resident of Colorado who cannot provide proof of lawful presence in the United States. In order to be eligible for a state-issued document, an applicant must present proof of Colorado residency, Colorado income tax returns, a federal individual taxpayer identification number (ITIN), and proof of identity issued by the applicant's county of origin. In addition, applicants must sign an affidavit stating that he or she has been a Colorado resident for the preceding 24 months, and has applied for lawful U.S. residency or will do so when eligible. The document will have the words "Not Valid For Federal Identification, Voting, or Public Benefit Purposes" printed on the face. Applicants must sign an affidavit stating that they have applied, or will apply, to be lawfully present in the United States.

This bill allows the Department of Revenue (DOR) to share the applicant's ITIN in cases concerning state child support enforcement, the courts, and within the DOR. A peace officer is not authorized to arrest an individual merely for possessing these documents. The bill prohibits the presentation of these documents for the use of public services.

Background

Under current law, an applicant for a state-issued license or identification card must be of driving age (in the case of the driver's license) and provide documentation establishing identity and residency in Colorado. These documents are valid for five years. An applicant must also show evidence of lawful presence in the United States. This evidence includes:

- a U.S. passport;
- an out-of-state driver's license, if the issuing state has verified lawful presence in the United States;
- a U.S. military identification card; or
- immigration documents, such as Form I-551 (green card).

It is estimated that Colorado has a noncitizen resident population of approximately 200,000 individuals in 2013. Based on the Driving Privilege Card (DPC) legislation enacted in Utah in 2005, about one third of the state's noncitizen residents will obtain a state-issued document.

State Revenue

Allowing more individuals to obtain state-issued documents increases state revenue. As shown in Table 1, this bill is expected to increase state cash fund revenue by \$976,983 in FY 2014-15, and \$325,668 in FY 2015-16 and FY 2016-17. Although the bill allows the DOR to set the fees for these documents, this fiscal note assumes that the fee will be \$21 each, which is the same as the current Colorado driver's license.

	Applicants	Document Fee	Total Yearly Revenue
FY 2013-14	0	\$0	\$0
FY 2014-15	46,523	\$21	\$976,983
FY 2015-16	15,508	\$21	\$325,668
FY 2016-17	15,508	\$21	\$325,668

Because these documents are renewed every three years, a spike in revenues similar to that shown for FY 2014-15 will occur in FY 2017-18, and so forth. This estimate excludes revenue generated from instruction permits because it is not clear how foreign driving permits will be considered as evidence of driving experience (and thus bypass the learner's permit process), nor is the age distribution of the noncitizen resident population known.

This fiscal note does not include revenue estimates for identification cards because it assumes that a minimal amount of identification cards will be issued under this bill, if any.

It should be noted that in FY 2015-16 and forward, a portion of the revenue collected for driver's licenses and identification cards will be credited to the Highway Users Tax Fund. This portion is currently credited to the Licensing Services Cash Fund.

State Expenditures

This bill is expected to increase state expenditures by \$436,390 in FY 2013-14, \$697,173 and 4.4 FTE in FY 2014-15, and \$229,397 and 4.4 FTE in FY 2015-16, and beyond, within the Department of Revenue. These expenditures are drawn from the General Fund and from cash funds.

Personal services. Since this bill is expected to increase the number of driver's licenses issued by 46,523 in its first year, and by 15,508 in the following years, additional staff time is needed to issue these documents. Each document is estimated to require four minutes to process. In addition, each new issuance will require a drivers test to ensure the applicant has the necessary skills to drive safely. Each driving test requires 30 minutes of a Driver's License Examiner time. In FY 2014-15, the total cost for this additional workload is \$544,113 and 4.4 FTE. These costs include \$178,376 to pay for the FTE, and an additional \$365,737, for temporary examiners to cover the initial influx of applicant testing, including operating costs. The temporary examiners perform 15,507 hours of work, at a rate of \$23.58 per hour.

Because the number of applicants will be reduced as the program matures, these costs are expected to be reduced to \$178,376 and 4.4 FTE in 2015-16 and beyond. Any additional costs that may be needed to address renewals in FY 2017-18 will be addressed in the budget process.

IT costs for new document creation. The unique documents produced under this bill need to be created. This requires a new design that accommodates modern document security features, as well as readability standards. This work is done under contract with the Department of Revenue by the firm Morpho Trust at a one-time cost of \$390,000.

IT costs for DOR system reprogramming. This bill requires the reprogramming of the DOR driver's license system. The Governor's Office of Information Technology will spend 458 hours to change the existing tables, pass new data to Morpho Trust, and track sworn statements and tax returns. These one-time costs are expected to be \$35,774.

Legal Costs. This bill allows the DOR to create rules in connection with the implementation of these new documents, which requires legal review. This workload is estimated to require 100 hours of work within the Department of Law, at a cost of \$7,823.

Affidavit. This bill requires that each applicant sign an affidavit affirming that he or she has applied to be lawfully present within the United States, or will apply to be lawfully present as soon as the applicant is eligible. The one-time costs in creating this document, and related printing costs, is estimated \$2,793 in FY 2013-14.

Document production. Each new card produced under this bill costs the state \$3.29 to manufacture. Since there will be 46,523 new documents produced in the first year, an expenditure of \$153,060 is required. In subsequent years, it is expected that 15,508 new documents will be produced at a cost of approximately \$51,021. Again, it should be noted that in FY 2017-18 renewals will cause a spike in production similar to that shown for FY 2014-15.

Table 2. Expenditures Under SB13-251				
Cost Components	FY 2013-14	FY 2014-15	FY 2015-16	FY 2015-16
Personal Services	\$0	\$174,196	\$174,196	\$174,196
FTE	0	4.4	4.4	4.4
Temporary Examiners	0	355,825	0	0
Operating Expenses and Capital Outlay	0	14,092	4,180	4,180
IT Costs (New Document Creation)	390,000	0	0	0
IT Costs (DOR System Reprogramming)	35,774	0	0	0
Legal Costs	7,823	0	0	0
Affidavit - Creation and Printing	2,793	0	0	0
Document Production	0	153,060	51,021	51,021
TOTAL	\$436,390	\$697,173	\$229,397	\$229,397

Based on the experience of other states with similar laws, the bill does not appear to contravene the federal REAL ID act. However, any legal challenge would require action by the Department of Law. These costs, if any, have not been estimated.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 3.

Table 3. Expenditures Not Included Under SB13-251*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$0	\$29,443
Supplemental Employee Retirement Payments	0	12,097
TOTAL	\$0	\$41,540

**More information is available at: <http://colorado.gov/fiscalnotes>*

Local Government Impact

Counties that issue driver's license and state identification documents normally retain \$8.00 for each document issued, and counties issue approximately 15 percent of these documents. In the initial years of this program, the DOR will issue the documents proposed under this bill from its state-run offices, therefore, counties will not receive revenue from these issuances.

In addition, costs may be incurred to increase awareness among law enforcement to understand the new identification's appearance, and its legal restrictions in state and federal law. This bill may also reduce costs, as it is assumed there will be fewer arrests because the presentation of a valid driver's license eliminates the need to ticket or incarcerate the driver for driving without a license.

State Appropriations

For FY 2013-14, the Department of Revenue requires the following appropriations:

- \$10,616 from the Licensing Services Cash Fund, of which \$7,823 should be reappropriated to the Department of Law; and
- \$425,774 from the General Fund, of which \$35,774 should be reappropriated to the Governor's Office of Information Technology.

Departments Contacted

Counties	Municipalities	Governor's Office
Judicial	Law	Local Affairs
Public Safety	Revenue	Transportation