

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE and LOCAL**  
**REVISED FISCAL IMPACT**  
(replaces fiscal note dated April 9, 2013)

<b>Drafting Number:</b> LLS 13-0503	<b>Date:</b> April 17, 2013
<b>Prime Sponsor(s):</b> Sen. Ulibarri; Morse Rep. Melton	<b>Bill Status:</b> Senate Appropriations
	<b>Fiscal Analyst:</b> Jonathan Senft (303-866-3523)

**TITLE:** CONCERNING DOCUMENTARY EVIDENCE NEEDED FOR AN INDIVIDUAL TO BE ISSUED AN IDENTITY DOCUMENT BY THE DEPARTMENT OF REVENUE.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015	FY 2015-16
<b>State Revenue</b>			
Cash Funds	<u>\$897,151</u>	<u>\$303,198</u>	<u>\$303,198</u>
Licensing Services Cash Fund	869,943	294,010	294,010
Identification Security Cash Fund	27,208	9,188	9,188
<b>State Expenditures</b>	<u>\$855,686</u>	<u>\$225,861</u>	<u>\$225,861</u>
General Fund	423,924		
Cash Funds			
Licensing Services Cash Fund	403,194	216,214	216,214
Identification Security Cash Fund	28,568	9,647	9,647
<b>FTE Position Change</b>	6.2 FTE	4.2 FTE	4.2 FTE
<b>Effective Date:</b> August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.			
<b>Appropriation Summary for FY 2013-2014:</b> See State Appropriations section.			
<b>Local Government Impact:</b> See Local Government section.			

**Summary of Legislation**

This bill, *as amended by the Senate Judiciary Committee*, 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. The document will have the words "Not REAL ID Compliant" printed on the face.

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 \$897,151 in FY 2013-14, and \$303,198 in FY 2014-15 and FY 2015-16. 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.

<b>Revenue Impact Under SB13-251</b>				
	<b>Applicants</b>	<b>State Revenue</b>	<b>County Revenue</b>	<b>Total Yearly Revenue</b>
FY 2013-14	45,346	\$897,851	\$54,415	\$952,266
FY 2014-15	15,313	\$303,198	\$18,375	\$321,573
FY 2015-16	15,313	\$303,198	\$18,375	\$321,573

Because these documents are renewed every three years, a spike in revenues similar to that shown for FY 2013-14 will occur in FY 2016-17, 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 \$855,686 and 6.2 FTE in FY 2013-14 and \$225,861 and 4.2 FTE in FY 2014-15 and FY 2015-16, 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 45,346 in its first year, and by 15,313 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 2013-14, the total cost for this additional workload is \$282,574 and 6.2 FTE. Because the number of applicants will be reduced as the program matures, these costs are expected to be reduced to \$171,482 and 4.2 FTE in 2014-15 and FY 2015-16. Any additional costs that may be needed to address renewals in FY 2016-17 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 \$33,924.

***Document production.*** Each new card produced under this bill costs the state \$3.29 to manufacture. Since there will be 45,346 new documents produced in the first year, an expenditure of \$149,188 is required. In subsequent years, it is expected that 15,313 new documents will be produced at a cost of \$50,380. Again, it should be noted that in FY 2016-17 renewals will cause a spike in production similar to that shown for FY 2013-14.

<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2014-15</b>
Personal Services	\$247,525	\$171,482	\$171,482
FTE	6.2	4.2	4.2
Operating Expenses and Capital Outlay	35,049	3,990	3,990
IT Costs (New Document Creation)	390,000	0	0
IT Costs (DOR System Reprogramming)	33,924	0	0
Document Production	149,188	50,389	50,389
<b>TOTAL</b>	<b>\$855,686</b>	<b>\$225,861</b>	<b>\$225,861</b>

It should be noted that this bill may contravene the federal REAL ID Act, which requires that driver's licenses are only issued to United States citizens. The result of this possible contravention is unknown, however the Department of Law (DOL) is responsible for defending the state in these circumstances. As such, any legal action against the state resulting from this bill will incur legal expenses within DOL. In late 2012, the Department of Homeland Security announced that it will begin a schedule for phased-in enforcement of the REAL ID Act no later than Fall 2013.

**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.

<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$41,490	\$28,106
Supplemental Employee Retirement Payments	15,193	11,631
<b>TOTAL</b>	<b>\$56,683</b>	<b>\$39,737</b>

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

**Local Government Impact**

Counties that issue driver's license and state identification documents retain \$8.00 for each document issued, and counties issue approximately 15 percent of these documents. Since the initial year of this program is expected to issue approximately 45,346 documents, it is expected that counties will receive \$54,415 in that year. In subsequent years, counties will receive approximately \$18,375 because it is estimated that there will be 15,313 new documents issued.

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:

- \$403,194 from the Licensing Services Cash Fund;
- \$28,568 from the Identification Security Cash Fund; and
- \$423,924 from the General Fund, of which \$33,924 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