

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4194H.02P
 Bill No.: Perfected HCS for HB 1413
 Subject: Licenses - Driver's; Department of Revenue; Elections; Immigration
 Type: Original
 Date: March 12, 2024

Bill Summary: This proposal modifies Missouri driver's licenses and nondriver's licenses to include a symbol that indicates that the holder of the license is a United States citizen.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$1,457,020)	(\$2,389,650)	(\$2,389,650)
Total Estimated Net Effect on General Revenue	(\$1,457,020)	(\$2,389,650)	(\$2,389,650)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Administrative Impact

To implement these provisions, the Department will be required to:

- Request a change order quote from our current card printing contractor IDEMIA, to modify the printed card format for all document types ensuring compliance with AAMVA card design standards, support acceptance testing, provide sample documents, update training materials, and provide update public information graphics for card format.
- Complete project documents, change orders and validate design documents to modify the Fusion system to:
- Develop and test a new interface with the National Association for Public Health Statistics and Information Systems (NAPHSIS) for birth certificate verification.
- Modify and test changes to the Fusion system and supporting applications to expand data collection for all citizenship status verification documents and store such data elements to support placement proposed marking.
- Modify license verification statement to include data collected for applicant review and approval with other application data.
- Modify card factory folio request processes to include new fields for identifying documents required to have new marking.
- Modify include changes to the verification statement reviewed and signed by the applicant and to include changes to reference the new distinguishing mark specifying citizenship.
- Update policies and procedures, and the Uniform License Issuance Manual (ULIM); and,
- Train internal and external staff as applicable.
- Work with new modernized system contractor to update the FUSION system to develop the NAPHSIS interface and amend processing to expand data collection and card factory processing to include changes as noted for legacy system.
- DLB estimates that these changes with a proposed effective date of 07/01/2025, will only be completed in the new MVDL integrated system (aka FUSION) system based on current expected transition driver system modernization implementation timeline of November 2024.
- Develop new system requirements for allowing applicant's aged 65 and older, who may have otherwise been exempt from presentation of lawful status documentation under §302.171.9, to provide documentation verifying U.S. citizenship status for a minimum of five years.

FY 2025 Driver License Bureau

Research Data/Assistant 1,400 hrs x \$ 19.38= \$27,132

Research Data/Analyst 1,716 hrs x \$28.89 = \$49,575

Administrative Manager 1,100 hrs x \$31.36 = \$34,496

FY 2025 Strategy & Communication Office

Associate Research Data/Analyst 120 hrs x \$23.15= \$ 2,778

Total = \$113,981

The Department may incur additional costs to manually review documents showing “satisfactory proof” of five years of United States citizenship status. The Department assumes current staffing will be utilized for such reviews. If the level of work exceeds current staffing availability, the Department may be required to seek appropriation for additional staff.

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 OA-ITSD services will be required at a cost of **\$37,195** in FY 2025 (354.24 hours x \$105 per hour).

Oversight does not have any information to the contrary in regards to DOR’s assumptions; therefore, Oversight will reflect DOR’s OA-ITSD costs on the fiscal note.

Motor Vehicle Driver License Integrated System -FUSION

DOR notes the costs associated with these legislative changes may be outside of the current contract and identified programming work for DOR’s incoming integrated system referred to as FUSION. As such, the department has included the potential costs associated with making the changes to the integrated system by the department’s current vendor.”

600 hours (300 hours of development and 300 hours of testing)

Estimated Implementation Vendor Consultant Cost 600 hrs. @ \$250 per hour = **\$150,000**

Oversight does not have information to the contrary and therefore, Oversight will reflect the Fusion implementation consultant costs as provided by DOR.

License Vendor Cost

DOR notes the current card format is utilizing maximum spacing.

For purposes of this fiscal note the Department anticipates that a complete card design change will be required to accommodate a new indicator, not to exceed three characters. The estimated vendor fee may be equal to or exceed **\$75,000**, based on previous design change estimates.

Birth Certificate Verification (NAPHSIS)

There is not a known interface or program available to state agencies for the Department of State to verify all citizenship status documents. The Department currently utilizes the United States Passport Verification and the Systematic Alien Verification of Entitlements systems to confirm passports, citizenship certificates and naturalization certificates. Due to cost considerations, the Department has not yet implemented a United States birth certificate verification system. 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 verification of a birth or death certificate. The Department has prepared this fiscal note with the supposition 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 resubmission of verification requests due to data entry errors. The potential number of additional \$0.55 transactions fees is unknown.

The annual issuance estimate would include initial verification of new applicants and current document holders mandated to resubmit lawful status documents such as birth certificates and passports if there is not an indicator on file noting the mandatory verification system inquiry was completed for REAL ID and non-REAL ID applicants to set the proposed marking indicator.

Annual license issuance estimate: 1,500,000
Reduction due to Passport (17%): -255,000
Estimated number of applicants presenting a birth certificate (80%): 1,245,000
NAPHSIS per transaction (\$0.55)/Jurisdiction Match Fee (\$1.35) x \$1.90
\$2,365,500

Total Annual Subscription Fees (\$100 per month) = \$1,200

Total Estimated Annual Cost for Birth Certificate Verification – **\$2,366,700** (\$2,365,500 + \$1,200)

DOR anticipates they will begin to incur such charges monthly after initiating the program with NAPHSIS and require additional appropriations from General Revenue in FY 2026 and subsequent fiscal years.

Passport Verification Fees

The Driver License Bureau (DLB) estimates ongoing or increased compliance cost for passport verifications based on the approximate 255,000 persons submitting passport for initial and reverification of lawful status today. Some of the previously verified applicants may not have had an electronic verification inquiry completed and would not have been required to do so on subsequent transactions. DLB estimates that during the seven years post-implementation, passport verifications numbers would continue at the current rate or increase due to proposed verification mandates that would require current document holders to resubmit lawful status verification documents and marking the card according to the proposed legislation.

255,000 x \$0.09 per inquiry = **\$22,950** estimated minimum passport verification fees

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

Officials from the **Missouri Department of Transportation, Missouri Highway Patrol and Department of Health and Senior Services** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Platte County Board of Elections, St. Louis City Board of Elections and St. Louis County Board of Elections** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a previous version, officials from the **Jackson County Board of Elections** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 \$5,000.

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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (6 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Cost – DOR – annual passport verification fees p. 6</u>	(\$11,475)	(\$22,950)	(\$22,950)
<u>Cost – DOR – annual birth certificate verification costs p. 5</u>	(\$1,183,350)	(\$2,366,700)	(\$2,366,700)
<u>Cost – DOR – vendor license emblem p. 5</u>	(\$75,000)	\$0	\$0
<u>Cost – DOR – Fusion implementation consultant p. 4</u>	(\$150,000)	\$0	\$0
<u>Cost – DOR – OA-ITSD services p. 4</u>	(\$37,195)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$1,457,020)	(\$2,389,650)	(\$2,389,650)

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

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

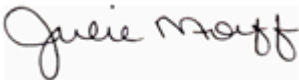
FISCAL DESCRIPTION

This proposal modifies Missouri driver's licenses and non-driver's licenses to include a symbol that indicates that the holder of the license is a United States citizen.

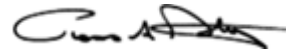
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Missouri Department of Transportation
Missouri Highway Patrol
Office of the Secretary of State
Joint Committee on Administrative Rules
Jackson County Election Board
Platte County Board of Elections
St. Louis City Board of Elections
St. Louis County Board of Elections



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March 12, 2024



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March 12, 2024