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FISCAL IMPACT REPORT

ORIGINAL DATE 02/06/13

SPONSOR Bandy LAST UPDATED _____ HB 144

SHORT TITLE Issue "Real ID" Cards SB _____

ANALYST Boerner

REVENUE (dollars in thousands)*

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
\$0.0	\$2,000.0	\$2,000.0	Recurring	Various MVD

(Parenthesis () Indicate Revenue Decreases)

* Revenue estimate assumes 100,000 cards issued per year at an average total fee of \$20 per card. See Fiscal Implications below.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$200.0	\$0.0	\$200.0	Nonrecurring	TRD-MVD Operating Budget
	\$0.0	\$159.0	\$0.0	\$159.0	Nonrecurring	TRD Information Technology Operating Budget

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with HB132 and HB161 due to the manner in which it seeks to comply with the Real ID Act of 2005.

Conflicts with HB87 because it allows for a way to provide evidence of age in order to buy alcohol even if the person's driving privilege is revoked for a DWI or under the Implied Consent Act.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General’s Office (AGO)
Administrative Office of the Courts (AOC)
Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

This bill requires that the Taxation and Revenue Department (TRD) issue Real ID cards designed to meet the requirements of the federal Real ID Act of 2005. The bill also requires that the Real ID card be distinct from the usual state driver’s licenses and identification cards. Upon application for a Real ID card with a four-year term, a \$15 fee will be due and a corresponding \$30 fee for an eight-year card. This fee may be increased by up to \$5 (\$10 for an eight-year card) with the approval of the Governor.

The bill permits the department to issue a Real ID card to an eligible foreign national applicant, which card is valid only for the duration of the foreign national’s authorized period of admission or extension of stay and that states that it is term limited.

The bill provides a third degree felony penalty for certain actions.

FISCAL IMPLICATIONS

The cost to TRD-Motor Vehicle Division for the new ID card design is estimated at \$200 thousand. The Information Technology Division estimates the IT cost of implementation to be \$159 thousand.

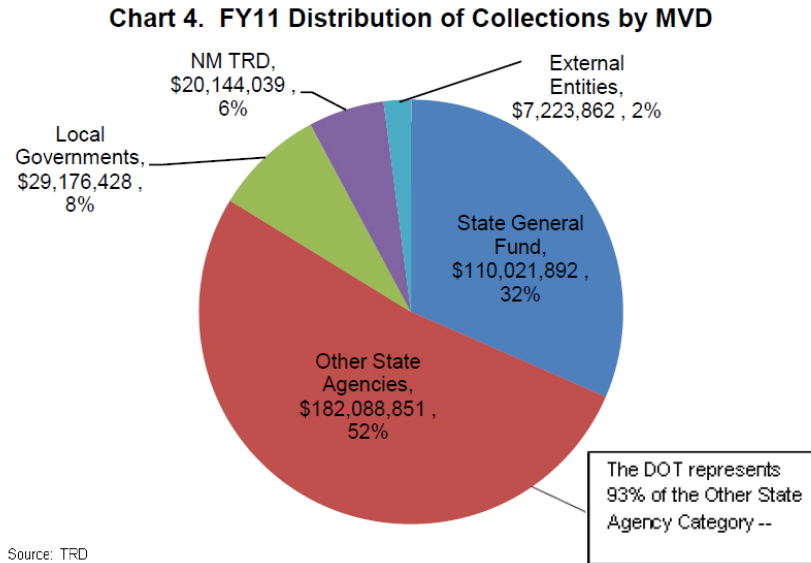
DETAILED FISCAL IMPACT DISCUSSION

Revenue impact analyses are very rough estimates, assuming 100,000 cards issued per year, with fees (including the statutory \$2 administration fee) totaling \$17 for a 4-year card and \$32 for an 8-year card, and that 80 percent of the new cards are issued for 4 years. It is also assumed that only those individuals who do not have valid passports or other means of identification suitable for boarding airplanes or entering federal facilities would apply for the REAL ID card.

	Cards Issued	Card Fee	Administration Fee	Total per Card	Total Revenue
4-year	80,000	\$15.00	\$2.00	\$17.00	\$1,360,000
8-year	20,000	\$30.00	\$2.00	\$32.00	\$640,000
Total	100,000				\$2,000,000

Distribution of specific MVD fee revenues is determined by a complex statutory formulaic system established in Section 66-6-23 (Disposition of Fees) and Section 66-6-23.1 (Formulaic Distribution).

The chart below illustrates the overall distribution of all fees collected by MVD:



Source: TRD's Report to the Legislative Finance Committee dated October 24, 2012

SIGNIFICANT LEGAL ISSUES

The AGO points out that some issues set forth under the federal law are not explicitly addressed in this bill; however, the TRD could address such deficiencies rulemaking. Nevertheless, more clarity in the legislation may aid in eliminating doubt with respect to the wishes of the Legislature and provide the agency with clear authority to promulgate appropriate rules.

Examples of the inconsistencies between the rubric set forth in this bill and REAL ID include the following:

- REAL ID requires that the state “must” take and maintain photographs of every applicant for a REAL ID card, regardless of whether the card is issued. 6 CFR Part 37.11. HB 144 contains no such provision.
- REAL ID requires that states verify documents submitted by applicants used to establish identity. 6 CFR Part 37.13. HB 144 contains no such provisions.
- REAL ID requires REAL ID cards to include extensive security features. 6 CFR Part 37.15. No mention is made of card security characteristics in HB 144.
- REAL ID requires states to implement a security plan for state motor vehicle facilities. 6 CFR Part 37.41. No mention is made of such a plan in HB 144.

OTHER SIGNIFICANT ISSUES

The AOC reminds us that on December 20, 2012, the Department of Homeland Security (DHS) issued a press release declaring that states that haven't met the specifics of the Real ID Act of 2005 "will receive a temporary deferment that will allow Federal agencies to continue to accept their licenses and identification cards for boarding commercial aircraft and other official purposes." While the DHS didn't state the duration of the deferment, the press release states that the 37 states not in compliance, including New Mexico, "will have an opportunity to respond with additional information before DHS makes a final determination. DHS will continue to receive and review state submissions on a rolling basis."

PERFORMANCE IMPLICATIONS

Due to workload and staffing shortages, the Information Technology Division may not be able to meet the effective date of June 14, 2013.

ADMINISTRATIVE IMPLICATIONS

The TRD notes the bill would require design and implementation of a new card. Design cost is tentatively estimated to be \$200 thousand with the security features required for compliance with the REAL ID Act.

Assuming, as TRD-MVD believes, that implementation of this bill would first require the ability to participate actively in the federal Electronic Verification of Vital Events Records (EVVER) Program, implementation of this bill will have an extreme impact for TRD-ITD. Listed are the affected programs and time estimates:

- MVD 2.0 - 600 hours
- Point of Sale – 60 hours
- MVD Batch Programs – 80 hours
- MVD Financial (MVRO) Programs – 60 hours
- Implementation of EVVER (approximate)* – 2,080 hours
- Testing – 360 hours

Total Hours – 3,240 at \$50/hour = \$162 thousand

*The 2,080 hours is an estimated timeframe. ITD and MVD will have to meet with staff at the American Association of Motor Vehicle Administrators (AAMVA) to go over the requirements of EVVER and come up with a development plan.

CEB/bm