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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/14
LAST UPDATED _____ **HB** 127
SPONSOR Pacheco
SHORT TITLE Two –Tiered Driver’s License System **SB** _____
ANALYST Boerner

REVENUE (dollars in thousands)

Estimated Revenue*			Recurring or Nonrecurring	Fund Affected
FY14	FY15	FY16		
-	(\$416.5)	(\$416.5)	Recurring	Various MVD Funds

(Parenthesis () Indicate Revenue Decreases)

*Estimated revenue loss from terminating the issuance of foreign national driver licenses (see Fiscal Implications Table 1)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	-	(\$432.5)*	(\$432.5)	(\$865.0)	Recurring	TRD-MVD Operating Budget
	\$71.5**	-	-	\$71.5	Nonrecurring	TRD-IT Division Operating Budget
	\$180.0†	-	-	\$180.0	Nonrecurring	TRD-MVD Operating Budget

(Parenthesis () Indicate Expenditure Decreases)

*Estimated cost savings from terminating the production of foreign national driver licenses to comply with HB 127 (see Fiscal Implications Table 2)

**Estimated one-time cost to modify existing IT systems and programs to comply with HB 127

†Estimated one-time cost for MVD to design and produce two new licenses (\$175.0) and training administration costs (\$5.0) to comply with HB 127.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department, Motor Vehicle Division (MVD)

SUMMARY

Synopsis of Bill

House Bill 127 provides for two distinct driver's licenses: one intended to be accepted by federal agencies for official federal purposes, including air travel; and one that is not intended to be accepted for official federal purposes. On or after July 1, 2014, the driver's license that is to be accepted by federal agencies for official federal purposes shall contain a unique color and design from a driver's license that is not intended to be accepted by federal agencies.

A foreign national applying for a driver's license that meets federal requirements to be accepted by federal agencies for official federal purposes must provide proof of authorized period of admission such as a valid passport, valid visa, or other arrival-departure record or document issued by the federal government. The department may issue a driver's license that is valid only for the duration of the foreign national's authorized period of admission or extension of stay to an eligible foreign national applicant.

A foreign national applicant who does not provide into the United States shall only apply for a driver's license that is not intended to be accepted by federal agencies for official federal purposes and that shall not be valid for identification purposes outside of New Mexico. The secretary shall require proof: (1) that the applicant has been granted deferred action for childhood arrivals (DACA); (2) that the applicant has resided in New Mexico for six consecutive months; (3) that the applicant has completed a driver's education course and passed MVD written and road tests; and (4) of the applicant's identity. This license shall expire on the earlier of: (1) one year after the effective date of the license; or (2) the date of the applicant's termination of deferred action for childhood arrivals.

The bill would also make it a third degree felony for a department employee or contractor who transfers a permit or license to another person who is not lawfully entitled to that document or to induce, solicit, or conspire to commit such fraud. A person who is convicted of providing a false name, false information, or fraudulent documentation or who receives a permit or license when they are not lawfully entitled to that document or if they induce, solicit, or conspire to commit fraud is guilty of a fourth degree felony.

FISCAL IMPLICATIONS

Detailed Discussion:

The following table details the estimated **revenue loss** for TRD if it ceases the production of foreign national driver licenses (estimated at 15,000 per year) to comply with HB 127.

Table 1

Foreign National Driver’s Licenses Fee Revenue			
	Average Cost per Document	Estimated Number Issued per Year	Annual Fee Revenue
First Time Foreign National Driver Licenses	\$30.78	12,710	\$391,214
First Time Provisional Licenses	\$18.00	491	\$8,838
Permits	\$7.00	514	\$3,598
Identification Cards	\$10.00	1,285	\$12,850
Total		15,000	\$416,500
Note: FNDL average cost is based on 80% 4-yr DLs at \$34 and 20% 2-yr DLs at \$18.			

The following table details the estimated **cost savings** for TRD if it ceases the production of foreign national driver licenses (estimated at 15,000 per year) to comply with HB 127.

Table 2

Costs to Process Foreign National Driver Licenses		
	Cost Per Transaction	Cost For Estimated 15,000 Transactions Per Year
Motor Vehicle Division	\$13.50	\$202,500
Tax Fraud Investigation Division	\$15.33	\$229,950
Total Cost Savings Per Year (assuming no FNDL transactions)		\$432,500

Information Technology Impact:

Estimated one-time cost to modify existing systems and programs to comply with HB 127 requirements:

- MVD IT System – 480 hours
- License-Printing Batch Program – 60 hours
- Digital Image Access and Exchange Program – 90 hours
- Systematic Alien Verification Program – 640 hours
- Testing – 160 hours

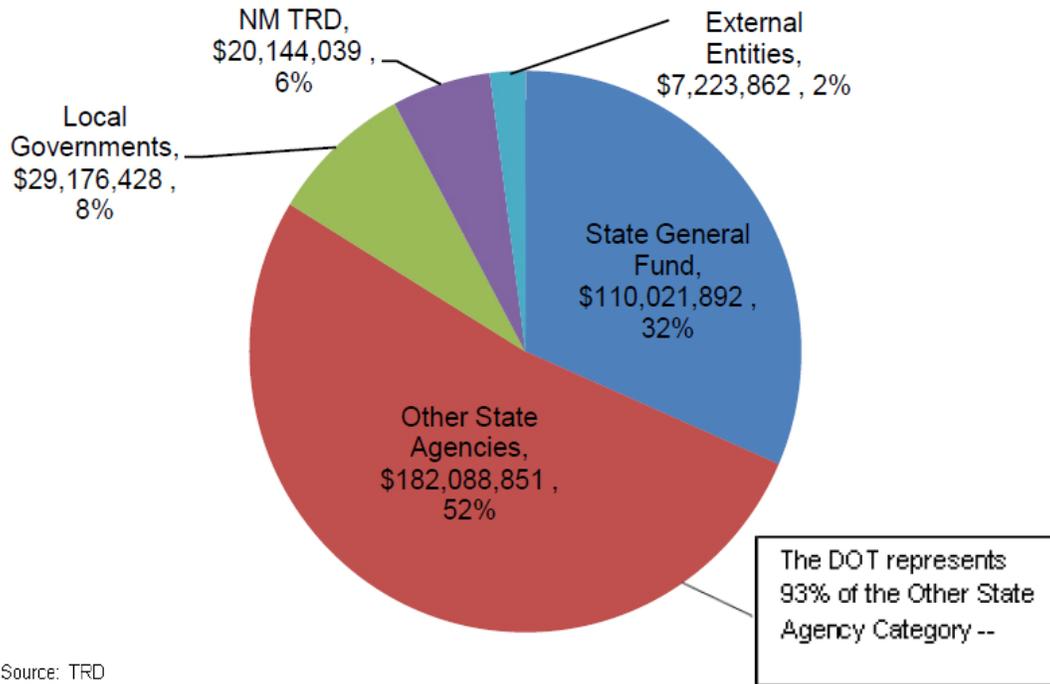
Total IT Cost:

1,430 hours at an average \$50/hour = \$71,500

Distribution of MVD Fee Revenue:

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).

Chart 4. FY11 Distribution of Collections by MVD



OTHER SIGNIFICANT ISSUES

TRD states current law is the largest obstacle to New Mexico becoming compliant with the federal Real ID Act of 2005. If this bill is passed and the provisions of the REAL ID Act are fully enforced, a New Mexico license could be used for federal purposes, including boarding a plane or entering a federal facility. If New Mexico fails to become compliant with the provisions of the REAL ID Act, New Mexico M residents would need a passport, passport card, or other acceptable documentation to board an airplane or enter certain federal buildings.

TRD states also that because New Mexico currently issues permits, licenses, and identification cards regardless of immigration status, many illegal immigrants come to the state to obtain New Mexico credentials without intent to reside in the state. This bill would alleviate that problem.

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