

HF4900 - 0 - Electronic Drivers' Licenses Authorized

Chief Author: **Brad Tabke**
 Committee: **Transportation Finance**
 Date Completed: **3/25/2024 7:23:57 PM**
 Lead Agency: **Public Safety Dept**
 Other Agencies:
 Administrative Hearings

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-	-
Administrative Hearings	-	-	-	-	-	-
Public Safety Dept						
Restrict Misc. Special Revenue	-	-	1,151	847	736	
State Total						
Administrative Hearings	-	-	-	-	-	-
Restrict Misc. Special Revenue	-	-	1,151	847	736	
Total	-	-	1,151	847	736	
Biennial Total			1,151			1,583

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Public Safety Dept					
Restrict Misc. Special Revenue	-	-	5	5	4
Total	-	-	5	5	4

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/25/2024 7:23:57 PM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Public Safety Dept					
Restrict Misc. Special Revenue	-	-	1,151	847	736
Total	-	-	1,151	847	736
Biennial Total			1,151		1,583
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	12	-	-
Public Safety Dept					
Restrict Misc. Special Revenue	-	-	1,151	847	736
Total	-	-	1,163	847	736
Biennial Total			1,163		1,583
2 - Revenues, Transfers In*					
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	12	-	-
Public Safety Dept					
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	-	12	-	-
Biennial Total			12		-

HF4900 - 0 - Electronic Drivers' Licenses Authorized

Chief Author: **Brad Tabke**
 Committee: **Transportation Finance**
 Date Completed: **3/25/2024 7:23:57 PM**
 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Restrict Misc. Special Revenue	-	-	1,151	847	736	
Total	-	-	1,151	847	736	
Biennial Total			1,151		1,583	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Restrict Misc. Special Revenue	-	-	5	5	4
Total	-	-	5	5	4

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/25/2024 7:22:59 PM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Restrict Misc. Special Revenue	-	-	1,151	847	736	
Total	-	-	1,151	847	736	
Biennial Total			1,151		1,583	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Restrict Misc. Special Revenue	-	-	1,151	847	736	
Total	-	-	1,151	847	736	
Biennial Total			1,151		1,583	
2 - Revenues, Transfers In*						
Restrict Misc. Special Revenue	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

Relating to transportation; authorizing electronic drivers' licenses; authorizing rulemaking; proposing coding for new law in Minnesota Statutes, chapter 171.

Assumptions

Assume Department of Public Safety Driver and Vehicle Services Division (DVS) will not charge an additional fee to apply for an Electronic Driver's License or Identification card (ID).

Assume electronic driver's license implementation will utilize preexisting common mobile device applications.

Assume DVS is authorized a clear grant of rulemaking authority to adopt rules governing management and operation of an electronic credential system and for the issuance of electronic credentials. Assume DVS may exercise this authority if needed.

Assume the rulemaking process for these guidelines will be a medium size rule and take approximately 12-18 months to complete. DVS currently has no rulemaking staff and will hire one FTE Management Analyst 4 (MA4) as lead counsel in the rulemaking process to manage the entire rulemaking process. Assume the MA4 will be hired with an annual salary and fringe of \$120,584 (\$82,141.92 salary + \$38,441.76 fringe = \$120,584). Assume the MA4 will only be needed through FY26 to complete the rulemaking.

One-time costs for MA4

- Furniture = \$6,466
- Sit to stand desk = \$800
- Office Chair = \$500
- Computer monitor (x 2) = \$290

Total one-time costs for MA4 = \$8,056

Monthly costs for MA4

- Office space \$215 x 12 = \$2,580
- Laptop computers \$77.98 x 12 = \$935.76

Employee computing $\$53.89 \times 12 = \646.68
Telephone-desk $\$40 \times 12 = \480
Office supplies $\$8.25 \times 12 = \99

Total annual monthly costs = \$4,741

Assume total costs MA4 FY25 = \$133,381 ($\$120,584 + \$8,056 + \$4,741 = \$133,381$)

Assume total costs MA4 FY26 = \$125,325 ($\$120,584 + \$4,741 = \$125,325$).

Rulemaking costs and fees (medium cost)

Office of Attorney General Legal fees 54 hours ($\$163/\text{hour}$) = \$8,802

Office of Administrative Hearings: ·

- Admin. Law Judge 50 hours at $\$245/\text{hour} = \$12,250$ ·
- Filing Fee = \$50

State Register ($\$135/\text{page}$) publishing fees: ·

- Request for Comments = \$270 ·
- Notice of Intent to Adopt Rules (with rule text published) = \$3,375 ·
- Notice of Adoption (without rule text published) = \$60

Miscellaneous: ·

- Mailings = \$694 ·
- Duplicating = \$825 ·
- Transcripts = \$750 ·
- Committee costs = \$200

Total rulemaking costs and fees FY25 = \$27,276

FAST Programming Costs

The MNDRIIVE system and FAST will need to provide hardware, increased storage capacity, hosting services, technical resources and ongoing support of the Digital Identity (DI). The hardware and software are for authentication, API load increase, system administration, system performance and increased database capacity and performance.

Assume additional storage of 10TB for five years, and hardware security modules (HSMs) needed to support encryption for DI.

Assume FAST initial programming costs of \$200,000 to initiate and set up DI.

Assume FAST hardware costs of HSMs, and digital storage = FY25 \$275,000; FY26 \$288,750; FY27 \$303,187

MNIT Costs

Assume MNIT will purchase annual software for security at an annual cost of \$50,000.

MNDRIIVE Staff

MNDRIIVE will require one Management Analyst 2 (MA2) to work with FAST and Driver Services staff to develop the

queues, interfaces, regression testing, and ongoing support, including addressing issues, answering questions, and assisting with any applications that may require DVS intervention.

Assume one MA2 FTE needed to work with FAST and Driver Services staff to develop the queues, interfaces, regression testing, and ongoing support.

One-time costs MA2 FTE:

Office furniture = \$6,466
Sit to stand desk = \$800
Office Chairs = \$500
Telephone w/headset = \$650
Computer monitors \$145 x 2 = \$290

Total One-time Costs per FTE = \$8,706

Monthly costs MA2 FTE:

Laptop Computer Rental \$77.98 x 12 = \$936
Employee Computing \$53.89 x 12 = \$647
Telephone \$40 x 12 = \$480
Office supplies \$8.25 x 12 = \$99

Total Annual Monthly Costs MA2 FTE = \$2,162

Assume total costs MA2 FY25 = \$108,716 (\$97,848 + \$8,706 + \$2,162 = \$108,716)

Assume total costs MA2 FY26 and beyond = \$100,010 (\$97,848 + \$2,162 = \$100,010)

Driver Services

Driver Services (DS) will be the primary business owner of this project. DS will ensure the Driver's Manual is updated and translated, and coordinate stakeholders in completing tasks in a timely manner. Assume temporary license will not be necessary if DL customer's identity is verified.

Assume printing updated application forms = \$11,250 (\$0.03 per form x 375,000 forms = \$11,250)

Assume driver's license and ID renewal notices to be updated with electronic DL choice printed. Assume cost to be nominal and will be absorbed by DVS.

Assume information on the electronic DL will be added to the Class D Driver's Manual. Assume the cost of adding this information to the manual is nominal and the cost will be absorbed by DVS.

Assume updates to the Class D Driver's Manual will be translated into nine languages (Somali, Hmong, Russian, Vietnamese, Karen, Dari, Pashto, Ukrainian, Spanish). Assume nominal cost for translation as this will be a small addition to the manual.

Assume new print materials graphics will be created using existing resources. Assume a one-page handout will be created and distributed by exam stations and other interested parties. Assume this document will be translated and the translation costs to be nominal. Assume print costs to be nominal. Assume these tasks can be completed with existing staffing resources at DVS.

Office of Communications (OOC)

Assume communication to state and local agencies, customers and future Digital Identity relying parties such as bars, liquor stores and casinos will be extensive. Assume ongoing communication will include advice and caution to customers using DI use as well as communication to educate relevant parties so that there is no future bias against the digital DI or the physical card. Assume media interest is likely to be high.

Assume OOC will create print materials and graphics, social media updates, public meetings and community events, business partner communication, and website updates including new page if needed utilizing existing resources.

Assume OOC will create an educational video to share with the public. Assume video production costs = \$35,000.

Public Information Center (PIC)

Assume PIC will see an increase in questions from community and business partners. Assume Customer Service Specialists will assist with difficulties a customer may have in provisioning the DI on the customer's device, failed customer verification, questions about pausing or deleting the DL and where and when it can be used, complaints when its use is denied, and questions about DL updates.

Assume there were 201,421 total Driver's License calls and emails to the Public Information Center (PIC) in CY2023.

Assume there was an average of 809 calls and emails per day to the PIC on the Driver's License lines (201,421 / 249 working days = 809).

Assume an increase of 8% or 65 (809 x 0.08 = 65) additional calls/emails to PIC to answer questions from the community, business partners and law enforcement. Assuming talk time of 300 seconds (5 minutes), an agent should be able to handle about 80 calls per day.

Assume these calls and emails will be handled by one additional full-time (FTE) Customer Service Specialist Senior (step 6), with an annual salary of \$86,551 for FY25.

One-time costs CSS-S FTE:

Cubicle furniture = \$6,466
Office Chairs = \$500
Telephone w/headset = \$484
Computer monitors \$145 x 2 = \$290
Software = \$2,280

Total One-time Costs per FTE = \$10,020

Monthly costs CSS-S FTE:

Office Space \$215.00 x 12 = \$2,580
Laptop Computer Rental \$77.98 x 12 = \$936
Employee Computing \$53.89 x 12 = \$647
Telephone Call Center \$92.28 x 12 = \$1,107
Office supplies \$8.25 x 12 = \$99

Total Annual Monthly Costs per FTE = \$5,369

Assume total costs one CSSS FY25 = \$ 101,940 (\$86,551 + \$10,020+ \$5,369 = \$101,940)

Assume total costs one CSSS FY26 and beyond = \$91,920 (\$86,551 + \$5,369 = \$91,920)

Staff and Partner Training

Assume DVS will create training tools for driver's license agents and DVS staff. Training will include the design, development, captioning, editing and posting of a video (Captivate) for the MNDRIVE Learning Center, creation and posting of Help Topics (Webex), and a 15 minute overview segment in one of DVS monthly DR/DL Agent Time with Training Webinars. Assume approximately 60 hours in staff time in FY25 dedicated to this training. Assume this work will be completed using existing training resources.

Driver Services Coordinating Office (DSCO)

Assume AAMVA cautions issuing authorities of fraud attempts obtaining falsified credentials, and renewed attacks against physical cards. Assume there will be increased work for DSCO staff for the cost of business cooperation with law enforcement, AAMVA, and manual work items to combat fraud or DI misuse. Assume implementation of Electronic DL requires creation of a fraud unit who will work with DSCO and the issuing unit to help identify the veracity of documents, and communicating with AAMVA and law enforcement of fraudulent activity.

Assume as of the end of FY23, 5,330,741 Minnesotans held a driver's license or ID. Based on adoption rates of mobile credentials in Maryland, assume 8% of current and future MN credential holders will apply for an Electronic DL or ID. Assume 426,459 applications for Electronic DL (5,330,741 x 0.08 = 426,459).

Assume DVS will add two State Program Administrator (SPA) positions to coordinate business with law enforcement, AAMVA, and manual work items to combat fraud or DI misuse. Assume each SPA FTE earns \$93,234 salary and fringe in FY25.

One-time costs per SPA FTE:

Office furniture = \$6,466
Sit to stand desk = \$800
Office Chairs = \$500
Telephone w/headset = \$650
Computer monitors \$145 x 2 = \$290

Total One-time Costs per FTE = \$8,706

Monthly costs per SPA FTE:

Laptop Computer Rental \$77.98 x 12 = \$936
Employee Computing \$53.89 x 12 = \$647
Telephone \$40 x 12 = \$480
Office supplies \$8.25 x 12 = \$99

Total Annual Monthly Costs MA2 FTE = \$2,162

Assume total costs 2 SPA FY25 = \$208,204 (\$93,234 + \$8,706 + \$2,162 = \$104,102) (\$104,102 x 2 = \$208,204)

Assume total costs 2 SPA FY26 and beyond = \$190,792 (\$93,234 + \$2,162 = \$95,396) (\$93,396 x 2 = \$190,792)

Assume effective date of July 1, 2025.

Expenditure and/or Revenue Formula

FY25

Rulemaking Costs

MA4 FY25 = \$133,381

Office of Attorney General Legal fees 54 hours (\$163/hour) = \$8,802

Office of Administrative Hearings: ·

· Admin. Law Judge 50 hours at \$245/hour = \$12,250 ·

· Filing Fee = \$50

State Register (\$135/page) publishing fees: ·

· Request for Comments = \$270 ·

· Notice of Intent to Adopt Rules (with rule text published) = \$3,375 ·

· Notice of Adoption (without rule text published) = \$60

Miscellaneous: ·

· Mailings = \$694 ·

· Duplicating = \$825 ·

· Transcripts = \$750 ·

· Committee costs = \$200

Total rulemaking costs and fees FY25 = \$27,276

FAST Costs

Initial programming costs of \$200,000 to initiate and set up Digital Identity

Hardware costs of HSMS, and digital storage = \$275,000

Security Software: \$50,000

Printing updated application forms = \$11,250

MNDRIVE Staff

MA2 FY25 = \$108,716

OOC

Video production costs = \$35,000.

PIC Staff

CSSS FY25 = \$101,940

DSCO Staff

Two SPA positions salary and annual costs FY25 = \$208,204

**Total Expenditures Miscellaneous Restricted Special Revenue Driver and Vehicle Services Operating Account
FY25: \$1,150,767**

FY26

MA4 FY26 = \$125,325

Hardware costs of HSMS, and digital storage = \$288,750

Security Software: \$50,000

MA2 FY26 = \$100,010

CSSS FY26 = \$91,920

Two SPA FTEs FY26 = \$190,792

**Total Expenditures Miscellaneous Restricted Special Revenue Driver and Vehicle Services Operating Account
FY26: \$846,797**

FY27 and Beyond

Hardware costs of HSMS, and digital storage = \$303,187

Security Software: \$50,000

MA2 FY27 and beyond = \$100,010

CSSS FY27 and beyond = \$91,920

Two SPA FTEs FY27 and beyond = \$190,792

**Total Expenditures Miscellaneous Restricted Special Revenue Driver and Vehicle Services Operating Account
FY27: \$735,909**

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

MNDRIVE

Maryland DMV adoption rate

Agency Contact: Pong Xiong 651-201-7580

Agency Fiscal Note Coordinator Signature: Nicole Mickelson

Phone: 651-201-7045

Date: 3/25/2024 3:27:31 PM

Email: nicole.mickelson@state.mn.us

HF4900 - 0 - Electronic Drivers' Licenses Authorized

Chief Author: **Brad Tabke**
 Committee: **Transportation Finance**
 Date Completed: **3/25/2024 7:23:57 PM**
 Agency: **Administrative Hearings**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 3/25/2024 4:09:40 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Administrative Hearings	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Administrative Hearings	-	-	12	-	-	-
Total	-	-	12	-	-	-
Biennial Total			12			-
2 - Revenues, Transfers In*						
Administrative Hearings	-	-	12	-	-	-
Total	-	-	12	-	-	-
Biennial Total			12			-

Bill Description

HF4900 provides for the Department of Public Safety Driver and Vehicle Services Division (DVS) to adopt rules to develop an electronic credential system for driver’s licenses, learner’s permits, and identification cards.

Assumptions

The Office of Administrative Hearings (OAH) has used DVS’s assumption that a medium rulemaking will be needed to meet the requirements of Section 1. Based on past practices, OAH assumes that a medium rulemaking under chapter 14 will require an estimated 50 hours of administrative law judge (ALJ) time for activity related to rulemaking procedures. Of the total rulemaking amount estimated by DVS, \$12,250 is for the 50 hours of ALJ time for a medium rulemaking.

OAH currently bills ALJ time for rulemaking at the MMB-approved billable rate of \$245 per hour (see Minn. Stat. § 16A.126, subd. 1 (2022)).

Expenditure and/or Revenue Formula

Estimated 50 hours of ALJ time for rulemaking activities related to implementing the requirements of Sec. 1 = 50 hours x \$245/hr = \$12,250 charged to DVS in FY2025 pursuant to the requirements of Minn. Stat. § 14.53.

Long-Term Fiscal Considerations

The costs associated with the rulemaking activities are a one-time occurrence.

Local Fiscal Impact

References/Sources

Agency Contact: Denise Collins

Agency Fiscal Note Coordinator Signature: Denise Collins

Phone: 651-3617875

Date: 3/21/2024 10:27:37 AM

Email: denise.collins@state.mn.us

