

HF3959 - 2E - "REAL ID Act and Implementation"

Chief Author: **Dennis Smith**
 Committee: **Transportation Policy and Finance**
 Date Completed: **05/04/2016**
 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	FY2015	FY2016	FY2017	FY2018	FY2019
Restrict Misc. Special Revenue	-	-	8,681	1,210	60	
Total	-	-	8,681	1,210	60	
Biennial Total			8,681		1,270	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Restrict Misc. Special Revenue	-	-	20	20	-
Total	-	-	20	20	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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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 Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Restrict Misc. Special Revenue	-	-	8,681	1,210	60
Total	-	-	8,681	1,210	60
Biennial Total			8,681		1,270
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Restrict Misc. Special Revenue	-	-	8,681	1,210	60
Total	-	-	8,681	1,210	60
Biennial Total			8,681		1,270
2 - Revenues, Transfers In*					
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This legislation modifies Minnesota Statutes 171 by amending certain requirements governing drivers licenses and identification cards, requiring rule-making and legislative reporting and implementing requirements of the federal REAL ID Act.

Assumptions

Assumes the Driver and Vehicle Services (DVS) current drivers license/ID card production contract must be amended to include new card indicators, security features and larger 2D barcode. Assume costs for changes are \$160,000.

Assuming an effective date of October 1, 2016, one-time programming costs of \$4,450,000 to existing DVS mainframe and sub-systems would be incurred (planning 4,000 hrs, design 20,000 hrs, build 9,600 hrs, testing and deployment 2,000 hrs) to allow more characters for the name field, issue cards that expire at end of temporary lawful status, add expiration date to senior IDs and to issue compliant cards.

Assuming an effective date of October 1, 2016, one-time programming costs of \$2,410,750 to existing DVS mainframe and sub-systems would be incurred (planning 3,857 hrs, design 4,821 hrs, build 7,714 hrs, testing and deployment 2,894 hrs) to allow role-based based access and all system actions to be recorded in data audit trail.

Assumes training costs for 1,500 DL agents and DVS staff on new requirements, procedures and data security measures, etc. at estimated costs of \$300 per agent/employee.

Assumes staff will experience increased applicant processing time educating customers on card types/requirements and will necessitate the need for twenty additional full-time temporary Customer Service Specialist Intermediate (CSSI) positions statewide for a two year period.

Assumes that programming to meet the October 1, 2016 implementation date will delay implementation of the MNLARS Release Motor Vehicle and extend the MNLARS Release Driver Services implementation date by at least 6 months.

Assumes DVS must arrange for independent biennial audits of DVS information systems to determine whether data

currently in the system is classified, how the data is used, and to verify compliance with the bill.

Assumes DVS must report audit findings to the Commissioner of Administration, certain house and senate members and make report available to the public.

Assumes the cost of an independent biennial audit is determined by the vendor based on the complexity of the audit project and DVS does have adequate information to judge the complexity at this time. Therefore, DVS estimates costs of \$60,000 per biennial for an independent audit beginning SFY19.

Assumes identification cards issued to age 65 and over will now expire on the birthday of the applicant in the eighth year following the date of issuance of the card.

Expenditure and/or Revenue Formula

Special Revenue Fund Expenditures SFY17:

License/ID card change costs \$160,000

Issuance programming changes 35,600 hrs x \$125/hr = \$4,450,000

Security programming costs 19,286 hrs x \$125/hr = \$2,410,750

DL Agent/Staff training \$300 x 1,500 = \$450,000

Additional Staff 20 FTE CSSI (step 5) \$60,503 x 20 = \$1,210,060

Special Revenue Fund Expenditures SFY18:

Additional staff 20 FTE CSSI (step 5) \$60,503 x 20 = \$1,210,060

Special Revenue Fund Expenditures SFY19:

Independent Audit \$60,000

Long-Term Fiscal Considerations

The DVS budget is fee-based and must cover the cost of business through fees collected. Any increase in expenses may require increasing fees.

Local Fiscal Impact

References/Sources

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