

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE

Senate Bill 387 (Senator Reilly)
 Judicial Proceedings

**Drivers' Licenses, Identification Cards, and Moped Operators' Permits -
 Enhanced Identification Documents**

This emergency bill requires the Motor Vehicle Administration (MVA) to provide to a driver’s license, identification card, or moped operator’s permit applicant who shows acceptable proof of identity, State residence, and U.S. citizenship the opportunity to upgrade the document to an enhanced identification document. An enhanced identification document must contain an embedded memory and microprocessor chip to store one or more biometric identifiers. The applicant must provide MVA with a biometric identifier in the manner required by MVA, which must meet the standards and requirements of the federal Western Hemisphere Travel Initiative. The bill defines “biometric identifier” to include fingerprints and palm prints, images that allow for application of face or iris recognition technology and DNA. MVA may establish an additional fee for the issuance or renewal of an enhanced identification document.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by \$4.85 million in FY 2014, which assumes an effective date for the emergency bill of April 1, 2014. TTF revenues may increase significantly beginning in FY 2014 to the extent that MVA charges a fee for each enhanced identification document issued.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
SF Revenue	-	-	-	-	-
SF Expenditure	\$4,850,000	\$0	\$0	\$0	\$0
Net Effect	(\$4,850,000)	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: The bill is not anticipated to materially affect local operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law: Each application for a driver's license must be made on the form that MVA requires. The application must include, among other things, the applicant's full name, Maryland residence address, race, sex, height, weight, general physical condition, date of birth, and any other pertinent information required by MVA. An applicant must also provide specified documentary evidence that the applicant has a valid Social Security number or that the applicant is not eligible for a Social Security number. Each noncommercial Class A, B, C, or M license issued by MVA must be of the size, design, and content specified by MVA, including the licensee's name and residence address, date of birth, a description, height, weight, sex, a color photograph, the type or class of vehicles that the license authorizes the licensee to drive, the signature and seal of the issuing agent, and a space for the signature of the licensee. When issued and signed, a driver's license authorizes the licensee to drive any vehicle of the type or class specified on it, subject to any restrictions endorsed on the license.

On application, MVA must issue an identification card to any applicant who is a Maryland resident, does not have a driver's license, presents a birth certificate or other acceptable proof of age and identity, and provides satisfactory documentary evidence that the applicant has a valid Social Security number or is not eligible for a Social Security number. An identification card must be tamperproof, to the extent possible. The card must contain the applicant's name and address, birth date, sex, a description of the applicant, a color photograph, the expiration date of the card, the signature of the applicant, and the signature and seal of the issuing agent.

MVA must issue a moped operator's permit to an applicant who is at least 16 years of age, does not possess a valid driver's license (and whose privilege to drive is not revoked, suspended, refused, or canceled), and provides satisfactory documentary evidence either that the applicant has a valid Social Security number or of the ineligibility for a Social Security number. Each application for a moped operator's permit must be on a form and contain the information that MVA requires, and each permit issued must be of a size, design, and content that MVA specifies.

MVA may issue a driver's license, identification card, or moped operator's permit to an applicant without lawful status under specified circumstances if the applicant would otherwise be eligible for that document. The applicant must provide documentary evidence that the applicant, for each of the preceding two years, has filed a Maryland income tax return or has resided in Maryland and been claimed as a dependent by an individual who has filed a Maryland income tax return. These documents, however, are

not acceptable by federal agencies for official purposes determined by the Secretary of the U.S. Department of Homeland Security (DHS). These documents must clearly state on their face and in the machine-readable zone that they are not acceptable by federal agencies for official purposes and must have a unique design or color indicator. The documents must also include a statement that the document may not be used to purchase a firearm.

Background: According to DHS, enhanced driver's licenses provide proof of identity and U.S. citizenship, are issued by a secure process, and include technology that makes travel easier. They provide travelers with a low-cost, convenient alternative for entering the United States from Canada, Mexico, or parts of the Caribbean through a land or sea port of entry. DHS has been working with states to enhance driver's licenses and identification documents to comply with travel rules under the Western Hemisphere Travel Initiative, effective June 1, 2009. The states of Michigan, New York, Vermont, and Washington are issuing enhanced driver's licenses and other documents.

DHS advises that enhanced driver's licenses make it easier for citizens to cross the border into the United States because they include a vicinity Radio Frequency Identification (RFID) chip that signals a secure system to access the card holder's biographic and biometric data, as well as a machine readable zone or barcode that can be read electronically if RFID is not available. According to DHS, the top 39 land ports of entry, which process more than 95% of land border crossings, are equipped with RFID technology to facilitate travel by an individual presenting an enhanced driver's license or other RFID-enabled documents.

State Expenditures: TTF expenditures increase by \$4.85 million in fiscal 2014, which assumes an effective date for the emergency bill of April 1, 2014, and that the funding needed to obtain all equipment necessary to implement the bill, as discussed below, is encumbered in fiscal 2014; the Maryland Department of Transportation advises that a budget amendment may be needed to implement the emergency bill during fiscal 2014.

This estimate includes the procurement of bio-hardware, a printer module, RFID readers and related equipment, system development and integration, and other costs associated with the production of enhanced identification documents. MVA advises that the estimate is based on the usage of facial recognition technology; actual costs may vary in fiscal 2014 or future years to the extent that alternative or supplemental biometric identification technologies are procured. The Department of Legislative Services (DLS) advises that it is unclear whether the estimate provided by MVA includes costs associated with the procurement of card stock that contains RFID and/or microchips; to the extent that these cost are not included, TTF expenditures increase by an additional, and potentially significant, amount beginning in fiscal 2014.

State Revenues: TTF revenues increase, potentially significantly in fiscal 2014 and likely to a greater extent in fiscal 2015, assuming MVA exercises the authority under the bill to charge an additional fee for the issuance of an enhanced identification document. A reliable estimate of the additional TTF revenues cannot be made at this time due to uncertainty regarding the fee that may be established by MVA and the number of applicants that may apply for an enhanced identification document. However, *for illustrative purposes only*, TTF revenues increase by \$875,000 in fiscal 2014 and by \$1.75 million annually thereafter, under the following information and assumptions:

- 75,000 enhanced driver's licenses and identification cards are issued in fiscal 2014 (25,000) and 2015 (50,000), which is about one-half of the average number of documents per person that were issued after the first two years of implementation in the four northern border states participating in the Western Hemisphere Travel Initiative;
- 25,000 enhanced documents are issued annually beginning in fiscal 2016; and
- MVA charges \$35 per document, which is sufficient to cover initial start-up costs and more than five years of operating costs, and which is within the range of fees charged for enhanced documents in the other four states that currently issue such documents.

The actual increase in TTF revenues may vary significantly to the extent that MVA establishes a fee other than \$35 per document, and to the extent that the number of applicants varies from this estimate. DLS notes that the number of applicants for an enhanced identification document in Maryland is difficult to project, as the other four states that issue such documents are states that border Canada and make significant use of the ability to quickly cross the international border. Finally, the estimate does not account for any other revenue impacts associated with the issuance of a partial refund of a previously paid driver's license, identification card, or moped operator's permit.

Additional Information

Prior Introductions: None.

Cross File: HB 1120 (Delegate George, *et al.*) – Environmental Matters.

Information Source(s): Maryland Department of Transportation; Canada Border Services Agency; the states of Michigan, New York, Vermont, and Washington; U.S. Department of Homeland Security; Department of Legislative Services

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