

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 38

(Chair, Finance Committee)(By Request - Departmental -
 Transportation)

Finance

Environment and Transportation

Motor Vehicle Administration – Birth Certificates – Issuance of Copies

This departmental bill authorizes the Motor Vehicle Administration (MVA) to (1) access and issue copies of birth certificates and (2) set and collect corresponding fees.

Fiscal Summary

State Effect: No effect in FY 2019, as discussed below. General fund expenditures increase by \$136,000 in FY 2020. Future years reflect annualization and elimination of one-time costs. The bill is not expected to materially affect general fund revenues.

| (in dollars) | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|----------------|---------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 0 | 136,000 | 125,700 | 130,200 | 134,800 |
| Net Effect | \$0 | (\$136,000) | (\$125,700) | (\$130,200) | (\$134,800) |

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

Local Effect: Local health department (LHD) revenues and expenditures may decrease by an indeterminate amount beginning in FY 2020, as discussed below.

Small Business Effect: The Maryland Department of Transportation (MDOT) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: MVA may electronically access a certified or abridged copy of a birth certificate from the Maryland Department of Health (MDH). MVA may issue copies of certificates to any authorized person on request.

MVA may set and collect a fee for processing and issuing a birth certificate, or for a report that a search of the files was made and the requested record is not on file, that covers administrative costs. The fee may not exceed the actual costs to MVA. Of this fee, \$10 must be transferred to the general fund.

Before setting and collecting a fee for birth certificates or reports, MVA must enter into a memorandum of understanding (MOU) with MDH that outlines MVA's fee structure.

Current Law: The Division of Vital Records in MDH maintains a statewide system for registering, indexing, filing, and protecting all records of birth, death, fetal death, marriage and divorce, adoption, and legitimation and adjudication of paternity for events occurring in Maryland. LHDs may also process and issue a birth or death certificate or a report that a search of the files was made and the requested record is not on file. MDH or an LHD may collect a fee for a certificate requested by an agency of the State or any of its political subdivisions.

Chapter 316 of 2016 reduced the fee for a birth or death certificate copy, search, or change from \$24 to \$10 and reduced the fee that must be remitted by an LHD to the State in connection with the processing and issuing or searching for a birth or death certificate from \$20 to \$10. Additionally, Chapters 452 and 453 of 2016 prohibit MDH from collecting a fee for a certified or abridged copy of a birth certificate issued to a homeless individual who meets specified criteria.

Background: According to MDOT, the bill is intended as a time-saving and convenience measure for applicants seeking to obtain a driver's license or identification card, as applicants are currently required to present an official copy of their birth certificate as part of the application process. By allowing MVA to access and issue these records (rather than requiring applicants to go to MDH or an LHD), MDOT advises that MVA may make the driver's license and identification card process more efficient for customers.

Pursuant to authorizing legislation, the Virginia Department of Motor Vehicles (DMV) began issuing copies of birth certificates in 2014, and subsequently expanded to also issue copies of marriage, divorce, and death certificates; as of December 2017, DMV had issued 500,000 birth certificates, 16,000 marriage certificates, 2,200 divorce certificates, and 12,000 death certificates. DMV partners with the Virginia Department of Health (VDH)

in issuing certificates; if DMV is unable to process a record, the request is forwarded to VDH for further action.

State Fiscal Effect:

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According to MDH's Vital Statistics Administration (VSA), in fiscal 2017, VSA performed searches (and collected fees for) 168,528 birth certificates.

VSA advises that the current electronic birth registration system cannot be modified to allow MVA access at this time. MDH is in the process of replacing the system, with completion anticipated by fiscal 2020. VSA advises that the new system could support MVA access. Thus, VSA advises that the bill likely cannot be implemented until at least fiscal 2020.

VSA further advises that, as the entity responsible for the preservation and security of vital records, implementation of the bill requires substantial oversight by VSA. VSA advises that MVA staff must be trained in the proper issuance and security of specified vital records (including legal requirements), and that, as VSA is already subject to periodic legislative audits relating to vital records security and compliance, the bill requires ongoing monitoring and inspections by VSA of each MVA location.

VSA advises that it already monitors and inspects each LHD for proper handling and issuance of vital records, and that any additional oversight of MVA locations cannot be handled with existing resources. Thus, VSA estimates that, beginning in fiscal 2020, additional staff are required. VSA also advises that it must purchase an additional State vehicle to facilitate travel around the State to inspect MVA facilities.

DLS agrees that additional training and inspections are likely necessary to ensure birth certificates are properly accessed and issued under the bill. According to a 2016 report by the Office of Legislative Audits, VSA conducts annual inspections of LHDs to determine whether each location has adequate security controls for the issuance of vital records and that fees are properly deposited. Although the bill does not specify requirements for VSA to oversee and monitor MVA's implementation of the bill, DLS agrees that VSA may still need to provide necessary training in how to access birth certificates from MDH and some degree of monitoring of MVA issuance of birth certificates, the specifics of which may be detailed in an MOU between MVA and VSA.

Thus, general fund expenditures for MDH increase by approximately \$135,983 in fiscal 2020, which accounts for VSA's estimate as to when the new electronic vital records system will be completed. This estimate reflects the cost of hiring two administrative

officers to conduct annual inspections and provide necessary training for each MVA location. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, as well as annual travel costs.

| | |
|---|------------------|
| Positions | 2.0 |
| Salaries and Fringe Benefits | \$121,953 |
| Travel Costs | 3,000 |
| Other Operating Expenses | <u>11,030</u> |
| Total FY 2020 State Expenditures | \$135,983 |

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses and travel costs.

Additionally, DLS notes that, to the extent the bill results in a significant increase in demand for copies of birth certificates from MVA, and a corresponding decrease in demand for copies from VSA, general fund revenues and expenditures for MDH decrease beginning in fiscal 2020. However, the extent of any decrease cannot be reliably estimated at this time.

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MDOT advises that MVA can handle the bill's requirements with existing resources, including any necessary computer programming changes. Further, MDOT advises that, as MVA already issues a variety of confidential and secure documents, and also already audits every branch office, the bill does not present any security concerns. MDOT advises that full implementation would not begin immediately and, instead, would be phased in over time; however, MDOT did not provide a specific timeline.

MDOT also does not anticipate any increased costs due to the production of birth certificates and anticipates charging only a \$10 fee for each copy of a birth certificate, which would be remitted to the general fund under the bill. However, MDOT is unable to estimate how many copies of birth certificates may be issued.

As MDOT anticipates charging the same fee for birth certificates under the bill as is currently charged by MDH (and in accordance with the same fee structure as LHDs), DLS advises that the bill likely does not materially affect general fund revenues associated with birth certificates. To the extent the bill results in an increase in demand for birth certificates, general fund revenues may increase beginning in fiscal 2020 (when VSA anticipates the new electronic vital records system will be completed); however, the extent of any increase cannot be reliably estimated at this time.

Local Fiscal Effect: VSA advises that, in fiscal 2017, LHDs issued 82,954 birth certificates.

According to the Maryland Association of County Health Officers (MACHO), the bill may result in a decrease in revenues for LHDs due to fewer issuances of birth certificates. MACHO advises that LHD staff are dependent, at least in part, on revenues from the issuance of birth certificates and other vital records, and that any decrease in revenues may result in staff reductions at LHDs. However, MACHO is unable to estimate the extent of this decrease. MACHO additionally notes that LHDs are not currently aware of issues related to the access and issuance of birth certificates, as there is usually minimal wait time to process requests, and LHDs are open for business during normal working hours (Monday through Friday).

DLS advises that, to the extent the bill results in an increase in demand for copies of birth certificates from MVA, and a corresponding decrease in demand for copies from LHDs, revenues and expenditures for LHDs may decrease beginning in fiscal 2020. However, the extent of any decrease cannot be reliably estimated at this time.

Additional Comments: MDOT advises that MVA *intends* to only provide birth certificate services for driver's license and identification card purposes. However, DLS notes that the bill does not specifically limit the purposes for which MVA may access and issue copies of birth certificates. Thus, under the bill, MVA may serve as a general alternate location for individuals to obtain copies of birth certificates, which may increase demand beyond that anticipated by MDOT and MVA.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Association of County Health Officers; Maryland Department of Health; Maryland Department of Transportation; Office of Legislative Audits; *NBC 29*; Department of Legislative Services

Fiscal Note History: First Reader - January 15, 2018
mm/jc Third Reader - March 21, 2018
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Motor Vehicle Administration – Birth and Death Certificates -
Copies

BILL NUMBER: SB 38

PREPARED BY: Maryland Department of Transportation / Motor Vehicle
Administration
(Dept./Agency)

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS