

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 1273 (First Edition)

**SHORT TITLE:** NCDL – Address Requirement on Application

**SPONSOR(S):** Representatives Justus, Barnhart, J. Crawford, Kiser, Saunders; *et al*

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ()</b>	<b>No Estimate Available ()</b>		
	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>
<b>REVENUES</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>
<b>EXPENDITURES</b>					
<b>Highway Fund</b>					
<b>Personnel</b>	<b>\$184,655</b>	<b>\$184,655</b>	<b>\$184,655</b>	<b>\$184,655</b>	<b>\$184,655</b>
<b>Non-Personnel</b>	<b>\$30,250</b>	<b>\$1,800</b>	<b>\$1,800</b>	<b>\$1,800</b>	<b>\$1,800</b>
<b>Fee to SSA</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$9,000</b>
<b><u>MIS</u></b>	<b><u>\$77,600</u></b>				
<b>TOTAL</b>	<b>\$301,505</b>	<b>\$195,455</b>	<b>\$195,455</b>	<b>\$195,455</b>	<b>\$195,455</b>
<b>POSITIONS:</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
 <b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Division of Motor Vehicles; Highway Fund					
 <b>EFFECTIVE DATE:</b> When the bill becomes law					

**BILL SUMMARY:** House Bill 1273 would require the Division of Motor Vehicles to obtain Social Security numbers from customers applying for identification cards, learners permits, or driver licenses (now only driver licenses); require DMV to verify the validity of the Social Security number; require at least one form of identification to have the applicant’s mailing and residence address; and require the applicant to provide at least two documents (of ten listed) as proof of residency.

**ASSUMPTIONS AND METHODOLOGY:** The bill would require upfront costs for computer programming and informational materials; upfront and continuing costs related to

hiring additional personnel; and continuing transaction fees to the Social Security Administration for Social Security Number (SSN) verification. Because some applicants would not be able to meet the requirements of the bill related to two forms of identification as proof of residency, there would be a loss of revenue to the State.

#### Computer programming

DOT's Information Technology (IT) Section states that the State Automated Driver License System (SADLS) will require significant modifications to implement the proof of residency requirements for driver license applicants. These include:

- Modification of Driver License On Line Certification process to add business rules to display a new screen to capture and display additional information needed for proof of residency
- Addition of business rules to handle to **yes/no** logic required by proof of residency
- Addition of logic to handle Verification of SSN
- New program to interface Certification process with SSN verification process
- Changing of What-If process to handle new business rules
- Change of Customer Merge Process to handle new business rules
- New DB2 table to hold new information (proof, etc.)
- Changes to SSN lookup program.

The Information Technology Section considers this a complex task that would require 880 hours of professional effort at a cost of \$80 per hour plus \$7,200 for SIPS charges. The total cost would be \$77,600.

#### Signage and Informational Materials

DMV estimates that there will be an upfront cost of \$10,000 for signage and informational materials to explain the new procedures and requirements to customers.

#### Personnel

DMV estimates that approximately 600,000 (first-time) customers would be affected by the requirements each year and that each of these transactions would require one additional minute to complete. This would be a total of 10,000 hours. Based on DMV's 1996 staffing study this would require six new Driver License Examiner (DLE) positions (6@30,776 per DLE equals \$184,655 per year) plus uniforms (6@300) per year per person equals \$1,800) plus office equipment (one-time expense of \$3,075 per person equals \$18,450).

#### Fees to Social Security Administration

DMV would do Social Security Number verification by accessing the Social Security Administration. Setting up this capability is part of the computer cost. In addition, there is a charge of 1.5 cents per name. Assuming 600,000 transactions, this would be a cost of \$9,000 per year.

#### Revenues

DMV estimates that the number of persons refused a driver's license or ID card each year could be from 10,000 to 100,000 (See Technical Considerations below) and uses the higher number to estimate a loss of fees of \$1,250,000 per year (100,000 per year @\$12.50, the

cost of a drivers license, equals \$1,250,000). For this fiscal note it is assumed that 50,000 customers are delayed an average of two years from accumulating the identification documentation required by the bill (over 100,000 people turn fifteen in North Carolina every year) and that the Highway Revenue loses the \$2.50 per year that a driver's license costs.

**TECHNICAL CONSIDERATIONS:** DMV states that because of the extensive computer programming required, the bill could not be implemented at the time of enactment. DMV also notes that Section 1 requires that as proof of residency the applicant present at least two (from a list of ten) forms of identification. Two of these allowable forms (passport, military identification card) do not actually list an address. A third allowable form of identification, a photo identification card issued by a sheriff's department, is not generally available in North Carolina (a spokesman for the North Carolina Sheriff's Association did not know of any Sheriff's departments that issued these). The result is that very few high school students, or other young people living at home, would have two of the forms of identification required.

**FISCAL RESEARCH DIVISION 733-4910**

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**DATE:** April 24, 2001



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