



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 133

PRINTERS NO. 873

PRIME SPONSOR: Ward

COST / (SAVINGS)

| FUND | FY 2016/17 | FY 2017/18 |
|--------------------|---------------------|---------------------|
| Motor License Fund | See "Fiscal Impact" | See "Fiscal Impact" |

SUMMARY: Establishes the Pennsylvania REAL ID Compliance Act and repeals the REAL ID Nonparticipation Act. This legislation would take effect immediately.

ANALYSIS: This legislation provides for participation in the REAL ID Act of 2005; for compliance by residents of this Commonwealth; for reports to General Assembly and for publication; and repeals the REAL ID Nonparticipation Act.

Name Change: This legislation changes the name of the act from the REAL ID Nonparticipation Act to the Pennsylvania REAL ID Participation Act.

Participation in the REAL ID Act of 2005: PennDOT and every other Commonwealth agency shall participate in the federal REAL ID Act of 2005. PennDOT shall provide an eligible applicant a standard driver's license or photo ID or a REAL ID card. PennDOT shall provide the applicant with a brief description that briefly describes the content, requirements, and restrictions of a standard-issued driver's license or photo ID card or a REAL ID.

Compliance by Residents of Pennsylvania: This legislation establishes that no PA resident may be compelled to apply for a REAL ID.

Report to General Assembly: This legislation requires PennDOT to issue a report to designated members of the legislature (within 90 days of the legislation's effective date), containing the following:

- Implementation and maintenance costs to comply with the REAL ID Act of 2005
- Estimated initial/recurring costs to establish a two-tier system

PennDOT shall provide annual reports to designated members of the legislature no later than July 1 of each year that details:

- The cost to PennDOT to issue REAL IDs.
- Total number of REAL IDs applied for and issued.
- Federal funding for implementation of the federal REAL ID Act.

Legislative Intent: It is the intent of this act that applicants for a standard driver's license or photo ID shall not subsidize the issuance of a REAL ID card and an applicant for a REAL ID card shall not subsidize the cost of issuance for a standard driver's license or photo ID.

Publication: PennDOT shall publish the date it will commence issuance of REAL IDs in the PA Bulletin.

Repeal

The legislation repeals Act 38 of 2012.

FISCAL IMPACT: PennDOT maintains that it cannot provide an estimate of the costs to implement the requirements to become Real ID compliant. PennDOT indicates that they would have to negotiate with the Department of Homeland Security on the outstanding compliance issues.

In review of available information from other states that have become compliant or are in the process of becoming REAL ID compliant, average annual costs range from \$2 million in Montana to \$36.8 million in California. The average annual cost for those surveyed states is \$13.9 million per year and those costs include additional personnel, new equipment, and systems changes necessary for REAL ID compliance. Please see below for the aforementioned figures:

| State | (\$ in thousands) | | |
|----------------------------|-------------------|------------|---------------------|
| | Total Cost | # of Years | Average Annual Cost |
| California | \$220,600 | 6 | \$36,767 |
| Florida | \$56,900 | 5 | \$11,380 |
| Illinois | \$57,300 | 4 | \$14,325 |
| Montana | \$8,000 | 4 | \$2,000 |
| Oklahoma | \$12,000 | 2 | \$6,000 |
| South Carolina | \$26,000 | 2 | \$13,000 |
| Average Annual Cost | | | \$13,912 |

There are approximately 10 million licensed drivers and ID holders in Pennsylvania, 9 million of which are licensed drivers. PennDOT estimates that 25% of Pennsylvania licensed drivers or ID holders would likely obtain a REAL ID-compliant voluntary travel ID, which would equate to about 2.5 million Pennsylvanians. PennDOT also estimates that it would take 18 to 24 months to comply with REAL ID. Using the average annual cost per state noted above (\$13.9 million) and calculating a two-year implementation period would total approximately \$27.8 million. Since the implementation costs of the REAL ID-complaint voluntary travel ID would be borne by the users, this would add approximately \$11.13 per ID to offset the aggregate costs of the new IDs. This legislation would likely have no adverse fiscal impact on the Motor License Fund since the cost of the new voluntary travel IDs is supposed to be borne by those choosing to obtain a REAL ID-compliant ID and not ordinary driver's license and ID holders where those revenues are deposited into the Motor License Fund.

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House Appropriations Committee (R)

DATE: May 24, 2017

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.