

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

**BILL NO.** Senate Bill 354

**PRINTER'S NO.** 1354

### **AMOUNT**

FY 2012-13:  
\$39 million potential savings  
(annual operating costs)

FY 2012-13 through FY 2020-21  
\$141 million potential savings  
(start-up costs)

### **FUND**

Motor License Fund

### **DATE INTRODUCED**

February 1, 2011

### **PRIME SPONSOR**

Senator Folmer

### **HISTORY OF BILL**

Referred to COMMUNICATIONS AND TECHNOLOGY, Feb. 1, 2011

Reported as amended, June 15, 2011

First consideration, June 15, 2011

Re-referred to APPROPRIATIONS, June 23, 2011

Re-reported as committed, Sept. 26, 2011

### **DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 354 creates a freestanding act entitled the Real ID Nonparticipation Act. This legislation prohibits the Governor, the Department of Transportation or any other Commonwealth agency from participating in the Federal Real ID Act of 2005 (P.L. 109-13) and gives the Governor or the Attorney General the authority to file a legal action to challenge the constitutionality or legality of the federal Real ID Act of 2005.

On May 11, 2005, Congress passed the Real ID Act (Real ID) as part of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act (P.L. 109-13), which created national standards for the issuance of state driver's licenses and identification cards. On May 11, 2008, state driver's licenses and identification cards were not to be accepted for federal purposes, such as to board commercial aircraft or enter certain federal facilities and nuclear power plants, unless the U.S. Department of Homeland Security (DHS) determined that a state was compliant with the Real ID or a state had been granted an extension by the DHS. Since this expiration date, all 56 U.S. jurisdictions, including Pennsylvania, have received an initial extension from the Secretary of the DHS. This initial extension was valid until December 31, 2009. States had the option of filing for a second extension by October 11, 2009, which would be valid until May 10, 2011. On December 18, 2009 the DHS once again extended the REAL ID material compliance deadline to the "full compliance" deadline of May 10, 2011.

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In March 2011, the DHS announced that the deadline for "full compliance" with the REAL ID Act had been extended from May 10, 2011 to January 15, 2013, which means Pennsylvania can continue using their Pennsylvania driver's licenses and identification cards as ID for official purposes through this date.

This act would take effect in 60 days.

### **FISCAL IMPACT:**

The National Governors Association, the National Conference of State Legislatures and the American Association of Motor Vehicle Administrators estimated that the Real ID Act of 2005 would cost at least \$11 billion annually over a five year period to implement nationally.

According to the Pennsylvania Department of Transportation (PennDOT), it's estimated that the Commonwealth would incur start-up costs of \$141 million over nine fiscal years and annual operational costs of \$39 million.

The start-up costs are primarily for expansion / relocation of existing Driver License Centers and the build-out of additional Driver License Centers to handle the increased volume of customers resulting from the requirements of the REAL ID Act. Current Driver License centers do not have the space to handle the increased volume of customers. Start-up costs also include public information, photo license technology changes and equipment, and hiring and training of site employees.

The yearly on-going costs are primarily the increased lease costs of the expanded / re-located Driver License Centers and additional Driver License Centers, site staffing costs and increased product costs.

PennDOT advises that the major reason for these costs is to position the Department to do the "re-credentialing" provision of the federal REAL ID Act, while maintaining current customer service levels. Under this provision, all of Pennsylvania's approximately 9.5 million driver license and photo ID card holders will have to appear in person for the department to verify their identity. To accomplish re-credentialing, additional Driver License Centers would need to be opened and existing Driver License Centers replaced with larger facilities to accommodate the additional staffing and equipment needs.

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The start-up costs and annual operational costs are detailed as follows:

## REAL ID Start-up Costs

(Over nine fiscal years)

Estimated Start-Up Cost Component	Cost
Build-Out Costs for Additional Driver License Centers	\$22 Million
Costs for Expanding / Relocating Driver License Centers	\$65 Million
New Photo License Equipment / IT Telecommunications Costs	\$4 Million
Administrative Staffing Costs (Training and Hiring)	\$1 Million
Communications / Public Information	\$49 Million
<b>TOTAL</b>	<b>\$141 Million</b>

## REAL ID On-Going Operational Costs

(Over nine fiscal years)

Estimated On-Going Cost Component	Per Year Cost
On-Going Lease Costs for Additional Driver License Centers	\$3.9 Million
On-Going Lease Costs for Expanded / Relocated Driver License Centers	\$5.8 Million
On-Going Staffing for Additional Driver License Centers and Expanded / Relocated Driver License Centers	\$21.3 Million
On-Going Photo License Equipment / IT / Telecommunications Costs	\$6.4 Million
On-Going Administrative Staffing Costs	\$1.1 Million
<b>TOTAL</b>	<b>\$39 Million</b>

The passage of this legislation, which imposes no costs upon the Commonwealth, would essentially save the Commonwealth from having to incur the implementation and re-credentialing costs in the future.