

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 531 (First Edition)

SHORT TITLE: Antiterrorism/End Residency Affidavits

SPONSOR (S): Senator Shubert; *et al*

| | FISCAL IMPACT | | | | |
|--|--------------------------|--------------------------|----------------------------------|--------------------------|--------------------------|
| | Yes (X) | No () | No Estimate Available () | | |
| | <u>FY 2003-04</u> | <u>FY 2004-05</u> | <u>FY 2005-06</u> | <u>FY 2006-07</u> | <u>FY 2007-08</u> |
| HIGHWAY FUND unless otherwise noted | | | | | |
| REVENUES | | | | | |
| Sec. 1 Fewer Licenses | (\$475,000) | (\$475,000) | (\$475,000) | (\$475,000) | (\$475,000) |
| Sec. 1 No Affidavits | (\$152,000) | (\$152,000) | (\$152,000) | (\$152,000) | (\$152,000) |
| Sec. 4 No Affidavits | (\$16,000) | (\$16,000) | (\$16,000) | (\$16,000) | (\$16,000) |
| TOTAL REVENUES | (\$643,000) | (\$643,000) | (\$643,000) | (\$643,000) | (\$643,000) |
| EXPENDITURES | | | | | |
| Section 1 | | | | | |
| SSA Inquiries | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$18,000 |
| Homeland Sec. Inquiries Report | | No Estimate Available | | | |
| Section 5 | | | | | |
| Additional Licenses | | \$94,500 | \$94,500 | \$94,500 | \$94,500 |
| Temporary Licenses | | | | | |
| Fees | \$420,000 | \$420,000 | \$420,000 | \$420,000 | \$420,000 |
| Postage | \$121,600 | \$121,600 | \$121,600 | \$121,600 | \$121,600 |
| Personnel (8) | \$199,728 | \$199,728 | \$199,728 | \$199,728 | \$199,728 |
| Workstations | \$283,040 | | | | |
| Section 7 (GENERAL FUND) | | | | | |
| Department of Correction | | No Estimate Available | | | |
| Judicial Branch | | No Estimate Available | | | |
| Section 8 | | | | | |
| SSA Inquiries | \$210,000 | | | | |
| Postage | \$304,000 | 0 | 0 | 0 | 0 |
| TOT. EXPEND. | \$1,556,368 | \$853,828 | \$853,828 | \$853,828 | \$853,828 |
| POSITIONS:(cumulative) | 8 | 8 | 8 | 8 | 8 |

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Highway Fund, Division of Motor Vehicles (DMV), State Board of Elections (SBE), Judicial Branch, Department of Correction

EFFECTIVE DATE: July 1, 2003 (According to the Research Division, the bill is subject to preclearance under Section 5 of the federal Voting Rights Act of 1965 before it can become effective.)

BILL SUMMARY: SB 531 makes changes in the documentation required to obtain a drivers license, changes the expiration date of drivers licenses for persons holding alien registrations of limited duration, requires the State Board of Elections to review voter registrations made through the Division of Motor Vehicles after October 1, 1997, and makes providing false nonsworn information to obtain a drivers license a felony.

Section 1

- Requires drivers license applicants to submit a valid social security number or a valid alien registration number issued by the U.S. Department of Homeland Security. DMV is required to verify the validity of these numbers.
- Forbids DMV from issuing a drivers license to a person who fails to prove legal presence in the United States.
- Requires DMV to annually submit a report to the Governor and the General Assembly detailing the numbers and types of drivers license applications approved and denied pursuant to the requirements of this section.

Section 2

- Amends the list of documents authorized to prove residency in the State to delete the following documents:
 - Documents issued by another country
 - Documents on preprinted business letterhead
 - Any other document deemed reliable by the Division

Section 3

- Amends the list of documents considered “reasonably reliable indicators of residency,” required when applying for a drivers license, to exclude “matricula consular” document issued by the Mexican Consulate, or similar documents issued by other countries.

Section 4

- Forbids parents or guardians who obtained their own license by means of an affidavit of residency from subsequently completing an affidavit for a minor applicant for a drivers license.

Section 5

- Requires drivers licenses issued to a person with an alien registration number to expire on the date the alien registration expires.
- Requires DMV to issue a temporary license valid for 10 days to the applicant and mail the drivers license to the applicant, by first-class mail, at the address provided by the applicant.

Section 6

- Directs the State Board of Elections to review all voter registrations made through the DMV after October 1, 1997 in order to verify the validity of the claim of residency and citizenship, mail confirmations of residency and citizenship to all voters registered through DMV who did not provide a valid social security number, and notify the General Assembly of the results of the verification.

Section 7

- Makes furnishing false nonsworn information to obtain a drivers license or identification card a Class I felony.

Section 8

- Directs the Division of Motor Vehicles, by October 1, 2003, to verify the social security number of all current drivers licenses issued by the Division, correct errors, and invalidate all licenses with mismatches. DMV may reissue or reinstate a license once a valid social security or alien registration number and the applicable fee is provided.

Section 9

- Directs the State Board of Elections, prior to the election of November 2004, to review all voter registrations processed through the Division of Motor Vehicles that have a missing or invalid social security number. If those persons used a drivers license as identification when registering to vote, they would be required to submit additional proof of residency.

Section 10

- Provides that the bill becomes effective July 1, 2003.

ASSUMPTIONS AND METHODOLOGY:

Section 1

Under current law an applicant for a drivers license or identification card is required to provide a valid social security number. If that is not possible, the applicant may provide a valid Individual Taxpayer Identification Number issued by the Internal Revenue Service. The bill would require either a valid social security number or the valid alien registration number ('A' number) issued by the United States Department of Homeland Security. The bill would require DMV to verify the numbers furnished by the applicant. DMV projects the cost of validating the social security numbers with the Social Security Administration (SSA) as \$.03 per customer inquiry. DMV estimates that approximately 500,000 new customers per year will require a check with the SSA. Because many applicants will require several inquiries with SSA (e.g. in cases where a name change due to marriage or divorce has not been reported to SSA), DMV estimates the number of inquiries per applicant as 1.2. **The total cost per year would then be 600,000 inquiries times \$.03 per inquiry, or \$18,000 per year.**

DMV notes that in calendar year 2002, there were 76,000 affidavits of ineligibility for a social security number executed. Some of these people are persons with legal authorization to be in the United States but without work authorization (spouses or dependents of workers, students, etc.) and others are persons without legal authorization. **If it is assumed that there are 38,000 in each category the result would be a loss of revenue of 38,000 (those here without legal authorization and thus ineligible for a license) times \$12.50 (the revenue from a five-year license) or \$475,000 per year. DMV charged \$2 for each of the 76,000 affidavits. Under the bill, these affidavits would no longer be used and the annual revenue loss would be 76,000 times \$2, or \$152,000.**

DMV states that it does not have a computerized method for validating alien registration numbers. The Department of Homeland Security has indicated that it will not allow additional states to have on-line access to its database (some states have access now).

There is no estimate available for providing the report to the Governor and General Assembly “detailing the numbers and types of driver license applications approved and denied pursuant to this section.” DMV notes that it does not routinely keep records on persons to whom it denies service. Creating a computer record for each customer would require additional computer programming and examiner time.

The provisions of Section 1 would require changes to the State Automated Driver License System (SADLS) to capture the Alien Registration number and to develop an interface for the exchange of information with SSA and then to retain documentation that the query was executed and the response received. Examiners would also have to be trained on a new set of documents. Costs to modify SADLS are shown separately below.

Section 4

Affidavits of residency will only be permitted for minor applicants. However, the parent or guardian will not be permitted to make that affidavit for the minor if he or she has previously completed an affidavit of residency for his or her own driver license. **DMV charges \$2 per affidavit and estimates that if the number of affidavits is cut in half, revenues will drop by \$16,000 annually.** SADLS will have to be modified to check the driver license record of the parent or guardian to determine whether that person has ever completed an affidavit of residency. Estimated costs to modify SADLS are shown separately.

Section 5

Generally, noncitizens will be issued licenses that expire when the applicant’s presence is no longer authorized under federal law. To issue these expiration dates for noncitizens would require changes in the SADLS program. DMV notes that this will increase the number of customers without increasing revenues. Currently, customers come in, on average, once every five years. DMV estimates that there are 300,000 legally authorized immigrants in the state who hold drivers licenses. If they are now required to visit DMV every two years, rather than every five years, they will obtain 2.5 licenses in five years, or 1.5 more licenses than currently. **The additional cost would be 1.5 additional licenses times the issuance cost of \$1.05 times 300,000 persons, or \$472,500 over five years. This would be an annual cost of \$94,500 that would start one year after the bill’s effective date.**

Section 5 also requires the Division to issue a temporary license valid for 10 days to new applicants. DMV will subsequently mail the permanent license to the address provided by the applicant. DMV estimates that this provision will affect 400,000 new customers annually. The result will be that the license will be printed twice for each applicant, once in the field and once at headquarters. **Printing the license twice will result in an additional charge by the digital license provider of \$420,000 (400,000 applicants times \$1.05 per license). DMV estimates the cost to mail out the additional 400,000 licenses at \$117,600 for postage and \$4,000 for envelopes, for a total of \$121,600.**

The in-house production of 400,000 licenses annually by DMV will require the purchase of eight digital license workstations and eight chairs, at a cost of \$38,380 each, for a total \$283,040. Operating these machines will require the hiring of 8 processing assistant IV's at a cost, including fringes, of \$24,966 per employee, or a total of \$199,728.

Sections 6 and 9

These sections require the State Board of Elections to take various actions concerning voter registrations through DMV after October 1, 1997 where there is no valid social security number. The State Board of Elections states that based on information provided by DMV in March 2002, that situation has not occurred. At that time, DMV conducted a study comparing voter registrations since November 1996 in nineteen counties (comprising 33% of the state's population) with Driver License records in the State Automated Driver License System (SADLS). DMV matched 490,241 registered voters against SADLS and found that there were zero records where there was a match on last name, first name, birth date, middle name, and city, with a driver license transaction after October 1, 1997, with voter registration application initiated at DL office, and with no social security number. The State Board of Elections does note, however, that if Section 6 were interpreted as requiring the Board to verify the residency and citizenship of all who registered through DMV since October 1, 1997, about 1.5 million voters would be involved. Contacting those voters would cost approximately \$2 million. The SBE states that it has no opinion on the expectation of litigation if additional proof of citizenship is required of one group of voters and not of others.

Section 7

The bill increases the penalty for providing non-sworn false information on a drivers license or identification card application from a misdemeanor to a felony. The judicial branch and the corrections system would likely be affected. The Administrative Office of the Courts notes that in calendar year 2002, there were 428 defendants charged under Chapter 20 with providing false information in applying for a drivers license or identification card. AOC continues that an enhancement in punishment would be accompanied in some cases by a more vigorous defense and prosecution and result in more court time and costs to dispose of these cases. However, AOC does not expect a significant increase in the number of charges, since providing false information is already a crime. While the number of felony cases would be low, trials would be jury trials in superior court rather than misdemeanor cases in district court, and total costs would increase. No estimate is available as to the additional costs incurred.

For the Department of Corrections (DOC), also, no specific estimate is available, though costs are likely to increase. Based on the most recent prison population projections, no surplus beds will be available, so the number of beds needed will always be equal to the projected number of inmates due

to a bill. The NC Sentencing and Policy Advisory Commission notes that in FY2001-02, 9% of Class I felons were sentenced to active sentences, 37% were sentenced to intermediate sanctions, and 54% were sentenced to community punishment. On average, offenders served between seven and nine months. In FY2001-02, the statewide average operating cost for one inmate was \$62.43 per day or \$22,786.95 per year.

Section 8

This section requires DMV to verify, by October 1, 2003, the social security numbers on all current drivers licenses issued by the Division and to immediately invalidate all current drivers licenses not matching the valid social security number issued to the driver or where the driver does not have a valid social security number. **The cost of checking approximately 7,000,000 records against the Social Security Administration database at \$.03 per record would be \$210,000.** DMV notes that, based on experience in other states, it is estimated that 500,000 drivers will not match against SSA for a variety of reasons (including, particularly, the methodology used by SSA for matching names, dates of birth, and SSN). In addition, an estimated 500,000 persons have previously indicated to DMV that they do not have a SSN or have provided an Individual Taxpayer Identification Number (ITIN). These one million drivers will have to be notified that their license will be cancelled unless they visit a driver license office and provide either a valid SSN, the information needed to validate their SSN, or a Department of Homeland Security number. **It will cost \$304,000 for postage and envelopes to notify these customers.**

Changes to SADLS

The Information Technology section at DOT states that the State Automated Driver License System will require complex modifications to implement the requirements of the bill. The section estimates that 4,247 professional hours will be required at a cost of \$80 per hour for a total of \$339,760. In addition, there will be overhead computer costs of \$29,280, for a total of \$369,040.

SOURCES OF DATA: Division of Motor Vehicles, Administrative Office of the Courts, State Board of Elections

TECHNICAL CONSIDERATIONS: At the current time, DMV does not have a mechanism to access the Department of Homeland Security databases to implement the sections of the bill requiring verification of alien identification numbers.

As noted on page 5, the State Board of Elections interprets the Bill as imposing no costs on that agency because it does not appear that there are people who have registered to vote through DMV (since October 1, 1997) without a Social Security Number. However, another interpretation may be possible, and SBE states that "If it is desired that we verify the residency and citizenship of all who registered through DMV since October 1, 1997..." costs would exceed \$2 million to send out and follow up on 1.5 million letters.

The complexity involved in meeting the bill's requirements would preclude an effective date of July 1, 2003 and completion of the requirements of Section 8 by October 1, 2003. Also, criminal penalties, as in Section 7, are generally not effective until December 1, to allow the criminal justice system time to change their operating systems to accommodate criminal penalty changes and to inform and train attorneys and judges of those changes.

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