

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2827

STATUS: A Engrossed

SUBJECT: Allows the Oregon Department of Transportation to take actions to maintain compliance with the federal Real ID Act of 2005.

GOVERNMENT UNIT AFFECTED: Oregon Department of Transportation

PREPARED BY: Tim Walker

REVIEWED BY: Susan Jordan

DATE: June 1, 2007

	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES:		
Oregon Department of Transportation		
Highway Fund		
Personal Services	\$ 8,641,142	\$ 9,594,281
Services and Supplies	\$ 1,865,546	\$ 2,829,818
Capital Outlay	\$ 924,118	\$ 60,000
Total	\$ 11,430,806	\$ 12,484,099

POSITIONS / FTE:

Various	9.4/9.4	8.27/8.27
---------	---------	-----------

EFFECTIVE DATE: On passage.

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This bill allows the Oregon Department of Transportation (ODOT) to take actions to comply with the Real ID Act of 2005. Apply to the Department of Homeland Security (DHS) to an extension of time. This bill allows ODOT to submit compliance plans to federal Department of Homeland Security; enter into any agreements with other states, the federal government and the American Association of Motor Vehicle Administrators that are needed to implement the federal Real ID Act; undertake system development work, including the acquisition of new technology, upgrading the department's databases, computer systems, and other information technology, redesign licenses, permits and identification cards as needed, establish electronic connectivity, and prepare a comprehensive security plan.

The Real ID Act requires states to be in compliance no later than January 1, 2010 and the Federal Government will stop recognizing any state ID, as valid, that is not Real ID compliant in May of 2013. If ODOT has all systems and processes in place to be compliant by December 2009, then all driver's licenses, driver's permits, and identification cards will have to be reissued before May of 2013. Currently, ODOT renews driver's licenses on an 8 year cycle and the Real ID Act would require reissuing all state identification in a 4 year period.

The language in the bill is permissive and does not compel ODOT to comply with the requirements of the Real ID Act of 2005. The Legislative Fiscal Office (LFO) believes that ODOT intends to undertake a good faith effort to comply with the requirements of the bill. Additional expenditure limitation will be required to carry out the provisions of the bill. It is important to note that the bill allows ODOT to take the steps necessary to be in compliance with the requirements of the Real ID Act, but does not explicitly grant ODOT the authority to require proof of legal presence and is silent on the policy choices associated with rolling out the provisions of the Real ID Act on a statewide scale.

The Federal Government has not issued the final rules for the Real ID Act, so the final requirements for implementation and compliance are not clear at this time. Forty million dollars was appropriated in FY 2006 for grants to states to implement the Real ID Act, but did not provide a methodology for awarding the grants. DHS only indicates that grants will be awarded competitively. There were no funds appropriated in FY 2007 and the president's FY 2008 budget does not include additional funding.

If proof of legal presence is required ODOT will have to verify the validity of Social Security Numbers through the Social Security Administration's Social Security Online Verification (SSOLV) at a cost of \$0.03 per record. There are no other national systems up and running to verify the validity of passports, birth certificates or the various other documents that may be required as proof of legal presence. It is anticipated that the DHS will have an automated system to verify immigration documents (Systematic Alien Verification for Entitlements) by January 2008 and a system for verifying birth certificates (Electronic Verification of Vital Events Records) sometime in the 09-11 biennium. As with any large scale information technology project, the estimates for when these systems will be available are less than certain. When and if these systems become available, ODOT will need programming resources to provide connectivity between internal systems and external systems. Until then legal presence documents will need to be manually processed to confirm their validity. The additional expenditures associated with actual verification of legal presence are not included in this analysis.

ODOT has estimated that 4% of Driver and Motor Vehicle (DMV) applicants will not be able to establish their legal presence. This will result in a decrease in revenue from fees for driver's licenses or operator's permits. ODOT estimates a decrease in revenue of \$1.8 million in 2007-09 and \$2.5 million in 2009-11. The requirement of legal presence will have additional costs throughout DMV in a greater need for customer service calls, customer education, and repeat visits to DMV when applicants do not have the necessary documentation.