

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB1843

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Bloxom

3. Committee: Transportation

4. Title: Driver privilege cards; penalty

5. Summary: This bill authorizes the issuance of new driver privilege cards by the Department of Motor Vehicles to an applicant who (i) has reported income from Virginia sources on an individual tax return filed with the Commonwealth in the preceding 12 months; (ii) is not in violation of the insurance requirements for the registration of an uninsured motor vehicle; and (iii) provides an unexpired passport as proof of identity. The bill provides that driver privilege cards shall confer the same privileges and shall be subject to the same provisions as driver's licenses and permits; however, driver privilege cards shall not (a) confer voting privileges, (b) permit an individual to waive any part of the driver examination, or (c) have their issuance be contingent upon the applicant's ability to produce proof of legal presence in the United States. The bill provides for the term "driver's license" to consistently refer to all driver's licenses, permits, driver privilege cards, and special identification cards issued by the Commonwealth or the comparable law of another jurisdiction. The bill allows the issuance of a limited-duration driver's license and special identification card to an applicant presenting valid documentary evidence that a federal court or federal agency having jurisdiction over immigration has authorized the applicant to be in the United States for a period of at least 30 days from the date of application. The bill authorizes the Tax Commissioner to provide to the Commissioner of the Department of Motor Vehicles information sufficient to verify that an applicant for a driver privilege card or permit reported income from Virginia sources on an individual tax return filed with the Commonwealth in the preceding 12 months. The bill has a delayed effective date of January 1, 2020.

6. Budget Amendment Necessary: Yes, Item 442 and Item 390.

7. Fiscal Impact Estimates: Preliminary. See Item #8.

7a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|----------------------------|
| 2019 | - | - | - |
| 2020 | \$5,905,531 | 84 | Motor Vehicle Special Fund |
| 2020 | \$50,000 | - | General Fund |
| 2021 | \$4,281,918 | 69 | Motor Vehicle Special Fund |
| 2022 | \$3,935,990 | 59 | Motor Vehicle Special Fund |
| 2023 | \$3,612,261 | 55 | Motor Vehicle Special Fund |
| 2024 | \$2,488,164 | 35 | Motor Vehicle Special Fund |
| 2025 | \$2,162,720 | 31 | Motor Vehicle Special Fund |

7b. Revenue Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|----------------|----------------------------|
| 2019 | - | Motor Vehicle Special Fund |
| 2020 | \$9,402,135 | Motor Vehicle Special Fund |
| 2021 | \$6,786,994 | Motor Vehicle Special Fund |
| 2022 | \$10,156,286 | Motor Vehicle Special Fund |
| 2023 | \$8,915,771 | Motor Vehicle Special Fund |
| 2024 | \$7,954,490 | Motor Vehicle Special Fund |
| 2025 | \$6,690,630 | Motor Vehicle Special Fund |

- 8. Fiscal Implications:** During the 2016 Session of the Virginia General Assembly, five bills involved the provision of driving credentials to resident immigrants. As a result, the Chairman of the House Transportation Committee directed the Department of Motor Vehicles (DMV) to study the impact of potentially issuing credentials to immigrant residents, including undocumented individuals.

Initial assumptions were that the Commonwealth should not be negatively financially impacted by creating Driver Privilege Cards (DPCs) and the cost of an original DPC should cover costs incurred in the first year of implementation. Initial costs are comprised of DMV staffing at customer service centers, training, DMV law enforcement, system programming including the costs for DMV's card vendor to design a new DPC credential, and an electronic verification process with the Virginia Department of Taxation (TAX). DMV will work with TAX to implement and fund the verification system. As was identified in 7a, DMV will need an additional 84 full-time employees in the first year of implementation with staffing needs decreasing in later years as the customers move into the renewal cycle. A budget amendment is necessary to increase DMV's maximum employment level (MEL) in order for DMV to be able to hire the appropriate staff. Without these staff, DMV will experience increased wait times following implementation of the bill.

The current estimate of undocumented individuals eligible to drive is 266,808 based on Pew Research Center released in November 2018 (based on 2016 population information). This estimate is down from previous estimates that were based on 2014 Pew Research Center data. Based upon the experiences of other states concerning the percentage of their estimated undocumented populations applied for DPCs in the first few years of implementation, the following is assumed:

| Estimate of number of undocumented immigrants who would apply for DPC each year (based on an estimated 266,808 total eligible immigrants and participation rates in comparable states) | | | | |
|---|----------------------|-------------------|---------------------|-------------------|
| Year | Original DPCs | | Renewal DPCs | |
| 1 | 35 percent | 93,383 applicants | 0 percent | 0 applicants |
| 2 | 25 percent | 67,409 applicants | 0 percent | 0 applicants |
| 3 | 20 percent | 54,499 applicants | 100 percent | 93,383 applicants |
| 4 | 20 percent | 55,077 applicants | 100 percent | 67,409 applicants |

The 2016 Driving Credentials for Resident Immigrants Study recommended an original DPC to cost \$51. Based on population estimates at the time, this fee would cover DMV's costs within the first year of implementation, as well as a one-time start-up payment of \$50,000 to the Department of Taxation for a real-time electronic verification system.

Finally, the *Code of Virginia* currently specifies that the minimum fee for a license renewal is \$20. As a result, the Driving Credentials for Resident Immigrants Study recommended that an original DPC cost \$51, while a renewal would cost \$20. However, these fee amounts will no longer result in a revenue neutral impact. This is due in part to the decreased population estimate. With fewer individuals estimated to purchase the credential, each credential fee has to cover a larger portion of the fixed costs. Additionally, changes to two cost estimates have increased expenditures. First, the two percent July 1, 2019, raise for state employees increased DMV's expected staffing costs. Second, DMV's credential vendor increased the cost per card by \$0.02 from their previous estimates. This increase results in higher ongoing expenditures.

HB 1843 includes a \$100 fee for an original DPC, and a \$50 fee for a renewal. As a result, DMV will experience a revenue increase of approximately \$9.4 million in the first year of implementation. In later years, the credential fees would generate between \$6.7 million and \$10.1 million in revenue annually for DMV, if everyone who is eligible for a DPC successfully applies for one. These revenues will be sufficient to cover the additional 84 full-time staff and related expenditures necessary to implement HB 1843.

The sources of revenue consist of the original DPC at \$100 and DPC Renewals at \$50, where applicable. The revenue total also includes a two dollar re-exam fee for customers who initially do not pass the knowledge exam and return to take the test. The re-exam amount is calculated using historical failure rates.

For someone convicted of a Class 5 felony for providing false information to obtain this credential, a judge has the option of sentencing him to up to one year in jail, or one to 10 years in prison. Therefore, this proposal could result in an increase in the number of persons sentenced to jail or prison.

There is not enough information available to estimate reliably how many additional inmates in jail could result from this proposal. Ultimately, the presiding judge will decide if there is to be any time served in jail; however, any increase in jail population will increase costs to the state. The Commonwealth presently pays the localities \$4.00 a day for each misdemeanor or otherwise local responsible prisoner held in a jail and \$12.00 a day for each state responsible inmate. It also funds a considerable portion of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2018), the estimated total state support for local jails averaged \$33.83 per inmate, per day in FY 2017.

Due to the lack of data, the Virginia Criminal Sentencing Commission has concluded,

pursuant to §30-19.1:4 of the Code of Virginia, that the impact of the proposed legislation on state-responsible (prison) bed space cannot be determined. In such cases, Chapter 2 of the 2018 Special Session I Acts of Assembly requires that a minimum impact of \$50,000 be assigned to the bill.

9. Specific Agency or Political Subdivisions Affected: Department of Motor Vehicles, Department of Taxation.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is similar to HB 2025 and SB 1641.

At the time of the 2016 study, the Department of Motor Vehicles attempted to find data about the potential economic benefits of DPCs, including increased job opportunities and better paying jobs for DPC holders. However, DPCs were such a recent development that data is nonexistent concerning their economic impacts.

A few years have passed since then, and as such, the Department of Motor Vehicles found some early research into the impacts of DPCs. In April 2017, the National Academy of Sciences published an article stating that the issuance of DPCs increases highway safety. In particular, the researchers found that issuing DPCs decreased the number of hit and run accidents in California. The full article can be found at:
<https://www.pnas.org/content/114/16/4111>.

In addition, issuing DPCs may have an impact on judicial efficiency. Judges often see the same drivers without licenses multiple times in court. Since the driver does not have a license, variations in recording the driver's name or the driver simply providing a different name for each offense may result in the judge treating each incident as if the driver is a first-time offender, which impedes the judge's ability to apply the stricter penalties usually assigned to repeat offenders.

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Cc: Secretary of Transportation