

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 01/26/12 **CS/CS/103/aHFI#1/**
SPONSOR HJC **LAST UPDATED** 02/15/12 **HB** aHFI#2/aHFI#3
SHORT TITLE Social Security Number for Driver's License **SB** _____
ANALYST Boerner

REVENUE (dollars in thousands)

Estimated Revenue Impact					Recurring or Nonrecurring	Fund(s) Affected
FY12	FY13	FY14	FY15	FY16		
(\$9.0)	(\$35.0)	(\$43.0)	(\$54.0)	(\$67.0)	Recurring	Counties and Municipalities
(\$56.0)	(\$226.0)	(\$282.0)	(\$354.0)	(\$445.0)	Recurring	TRD-MVD Operating Funds
(\$116.0)	(\$462.0)	(\$578.0)	(\$727.0)	(\$915.0)	Recurring	State Road Fund
(\$39.0)	(\$157.0)	(\$196.0)	(\$247.0)	(\$311.0)	Recurring	Local Govt Road Funds
(\$30.0)	(\$188.0)	(\$235.0)	(\$295.0)	(\$372.0)	Recurring	State equalization guarantee distribution (public schools)
(\$250.0)	(\$1,068.0)	(\$1,334.0)	(\$1,677.0)	(\$2,110.0)	Recurring	Total

(Parenthesis () Indicate Expenditure Decreases)

The revenue estimate reflects the reduction in revenue from driver's license fees that would have come from individuals without a Social Security number. Note that the overall revenue loss is less than the overall operating costs savings to the State.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

Estimated Additional Operating Budget Impact				Recurring or Nonrecurring	Fund(s) or Agency Affected
FY12	FY13	FY14	FY12-14		
\$8.0	\$0.0	\$0.0	\$8.0	Nonrecurring	TRD-ITD Operating Budget
(\$432.0)	(\$1,645.0)	(\$2,090.0)	(\$4,168.0)	Recurring	TRD-MVD Operating Budget
(\$83.0)	(\$315.0)	(\$400.0)	(\$798.0)	Recurring	TRD-TFID Operating Budget
(\$507.0)	(\$1,960.0)	(\$2,490.0)	(\$4,959.0)	Recurring	TRD Total

(Parenthesis () Indicate Expenditure Decreases)

Note: FY12 amounts are one-third of annual totals, assuming implementation commencing on March 1 with an emergency clause effective date on or before that date.

SOURCES OF INFORMATION

LFC Files

Responses Received from the following
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HF1 #1, #2, and #3 Amendments

House Floor Amendment #1: Clarifies that the penalty for fraudulently issuing an ID, driver's license, etc. applies to private retail agents and other contractors of the Motor Vehicle Division (MVD).

House Floor Amendment #2: Specifies that an arrival-departure record or other document issued by the federal government be included in the listing of documents required when an application by a foreign national is submitted to MVD.

House Floor Amendment #3: Clarifies that it is a felony to receive or obtain an instruction permit, driver's license or provisional license and then transfer the instruction permit, driver's license or provisional license to another person when that person is not lawfully entitled to the issuance of the document.

Synopsis of Original Bill

The House Judiciary Committee Substitute for the House Labor and Human Resources Committee Substitute for House Bill 103 requires a person applying for a driver's license to provide a social security number (SSN) or, if the applicant is a foreign national and ineligible for a SSN, the unique identifying number of the applicant's valid passport, valid visa or other arrival-departure record or document issued by the federal Department of Homeland Security and the expiration date of the foreign national's authorized period of admission or extension of stay. The TRD is allowed to issue a foreign national driver's license (DL) only for the duration of the foreign national's authorized period of admission or extension of stay.

The bill removes language allowing for the use of a tax identification number in lieu of an SSN. Also removed is the authority for the secretary of the to establish by regulation other documents that may be accepted as a substitute for an SSN or an individual tax identification number.

The bill also provides similar requirements for the issuance of an ID card to foreign nationals, and requires that both DLs IDs contain the applicant's full legal name. This proposal does grant authority to promulgate rules related to these new provisions.

Finally, the bill also makes it a felony for a foreign national applicant to provide a false or fraudulent document or to obtain a license and then sell it to another individual. And knowingly fraudulent issuance of an ID, driver's license or vehicle or vessel registration of title is raised to the level of a third-degree felony.

POLICY ISSUES

The TRD points out that the bill is not inconsistent with the requirements of the federal REAL ID Act should the state subsequently proceed to full compliance with the REAL ID Act.

TECHNICAL ISSUES

The bill does not address the issue of licenses and IDs that are currently held by individuals who are not lawfully present in the U.S. Presumably those licenses and IDs would continue to be valid until their expiration (up to eight years after the effective date of this bill), at which time only those individuals who can document their lawful presence would be able to renew their licenses or IDs.

OTHER ISSUES

The Motor Vehicle Division (MVD) suspects that much of the recent growth in applications for drivers licenses from persons not having a social security number results from New Mexico being one of only three states to issue licenses regardless of immigration status. The division has engaged in extensive audit and compliance procedures and activities to identify, and deny issuance of drivers' licenses or ID cards to, applicants who are not New Mexico residents.

Further, the division states that current procedures and investigations have detected multiple instances of fraud. For example, a recent investigation found that there was a pattern of multiple persons (in one case as high as 61 persons) using the same physical address when applying for a driver's license. Out of 2,300 persons identified in this investigation, 82% did not actually reside at that residence.

ADMINISTRATIVE AND COMPLIANCE ISSUES

The TRD states that the lost revenue from DL application fees would be offset by operating budget savings within MVD and TFID as detailed below, based on reports from the individual units:

- MVD Call Center staffing, including scheduling of foreign national appointments and responding to questions from foreign national applicants, annual: \$211,739. It is assumed that the "savings" would not be an actual reduction in FTE but rather the transfer of resources to other critical areas within the division.
- MVD field office staff processing foreign national applications, estimated at 5% of the 357 current state field office FTEs x \$40,000 per FTE = annual: \$714,000. Again, it is assumed that resources would be transferred as necessary to address field office wait times.

The following estimates were also provided by the TRD however, it seems unlikely that the TRD would see the estimated increases in foreign national applications as a result of the implementation of this bill.

- Adjusted upward (consistent with increasing assumed numbers of foreign national licenses issued) by 40% for FY12 = \$1,296,035, and by an additional 27% for FY13 and FY14 = \$1,645,964 and \$2,090,374.
- TFID staff reviewing all foreign national applications and pursuing specific fraudulent foreign national applications, annual: \$248,200 for FY12, \$315,214 for FY13 and \$400,322 for FY14 (assuming 27% annual increase).

Implementation of this bill will have a low impact for IT, including MVD 2.0 (80 hrs), MVD Mainframe Batch (40 hrs), and User Acceptance Testing (40 hrs) for a total of 160 hours.

Total Hours: 160 @ \$50/hour = \$8,000 in FY12.

The TRD also provided the following detailed discussion. However, as mentioned above, it does not seem likely that the TRD would see the estimated increases in DL applications for people without a SSN as a result of the implementation of this bill.

Estimated Revenue Impact – Detailed Discussion: Estimated Revenue Impact – Detailed Discussion: The number of 4-year drivers’ licenses (DLs) issued to individuals without a SSN has remained level at approximately 4,000 per year. However, the number of 8-year DLs issued to individuals with no SSN increased by 20% from calendar year 2008 to 2009 and by 34% from 2009 to 2010. The numbers below are current for calendar years 2009 and 2010 and assume an average 27% annual increase in 8-year DLs going forward to fiscal years 2012 to 2015. The first increase (from calendar year 2010 to FY 2012) is 40% to reflect the extra six months of growth from calendar 2010 to FY2012.

Year	4-yr DLs Issued	Cost per DL	Total	8-yr DLs Issued	Cost per DL	Total	Total 4yr + 8yr DLs
2008	4,069			13,059			
2009	3,969			15,611			
2010	3,933			20,894			
FY2012	4,000	18	72,000	29,252	34	994,568	1,066,568
FY2013	4,000	18	72,000	37,150	34	1,263,100	1,335,100
FY2014	4,000	18	72,000	47,180	34	1,604,120	1,676,120
FY2015	4,000	18	72,000	59,918	34	2,037,212	2,109,212

CEB/svb