

REVISED

BILL # SB 1531

TITLE: driver licenses not citizenship proof

SPONSOR: Lopez

STATUS: As Introduced

REQUESTED BY: Senate

PREPARED BY: Bob Hull

	FISCAL YEAR		
	2001	2002	2003
EXPENDITURES			
State Highway Fund	\$-0-	Up to \$1,440,000 *	Up to \$1,440,000 *
REVENUES			
State Highway Fund	\$-0-	\$1,349,800 *	\$1,349,800 *

*Represents a net cost of up to \$(90,200) at the high end of the range. Estimates are speculative. Small shifts in assumptions would result in the bill having a savings at the low end of the range.

FISCAL ANALYSIS

Description

The bill would eliminate the requirement that applicants for a driver license, a nonoperating identification license or an instruction permit must provide proof of legal residence in this country.

Estimated Impact

Under one scenario, the bill would have a net annual negative impact of \$(90,200) to the State Highway Fund, including increased revenue of \$1,349,800 and an increased cost of \$1,440,000, beginning with FY 2002. If 6.3% of undocumented persons are already applying for a license under a 2nd scenario, this would result in a \$0 net impact. We have no hard data on this issue, but 6.3% presentation rate seems plausible. If more than 6.3% of the undocumented population already applies, the bill generates a net savings. The bill's fiscal estimates are speculative, however, as they rely on average marginal revenue and cost estimates.

Assumptions

Laws 1996, Chapter 230, added the requirement that applicants for a driver license provide proof of their legal presence in this country. The Arizona Department of Transportation (ADOT) reports that it issued 160,000 fewer licenses in the year after Chapter 230 took effect, which they attribute to eliminating issuing licenses to persons whose presence in the United States is not authorized under federal law. It is assumed that under this bill, ADOT would process 160,000 more licenses annually.

ADOT reports a marginal cost of \$9.00 per field officer driver license transaction, for an annual increased cost of \$1,440,000 to ADOT for 160,000 additional driver license transactions. However, the cost would be less depending on how many of the 160,000 currently apply for a license but are rejected. If 6.3% are already applying, the cost of the bill would decrease by \$(90,200). It is possible the cost could be further reduced if the requirement for fewer forms of ID reduces the \$9.00 cost per transaction. We have no data to quantify the magnitude of this issue.

(Continued)

Assumptions (Continued)

The average fee paid to ADOT for a driver license is \$17.60, which varies from \$10 to \$25 depending on the applicant's age. The \$17.60 average fee was the figure used in the original fiscal note. The revised fiscal note assumes that the average fee paid to ADOT for a driver license by non-citizens would be \$19.70, based on 1990 Census data indicating that non-citizens are younger than the general Arizona population. Annual revenues would increase by \$3,152,000 to the Highway User Revenue Fund for 160,000 licenses, including \$1,349,800 to the State Highway Fund and \$1,802,200 to local governments.

There are 2 reasons why the upper end of fiscal note estimates a net annual cost to the State Highway Fund of \$(90,200), whereas last year's fiscal note for a similar bill (SB 1241) estimated an annual net income for the State Highway Fund of about \$1,100,000. First, this fiscal note uses an average fee of \$19.70 per transaction, whereas last year's fiscal note assumed the maximum fee of \$25 per transaction. Second, this fiscal note uses a marginal cost of \$9.00 per field officer driver license transaction, which ADOT has developed since last year. We have also used this \$9.00 marginal cost for other fiscal notes involving driver license transactions. Last year's fiscal note used a more difficult calculation of cost, which involved trying to estimate time savings per transaction for reviewing fewer forms of identification. That calculation used an estimate of 11 minutes processing time per transaction as reported last year by ADOT. However, ADOT has been appropriated additional resources and personnel to improve customer wait times in motor vehicle field offices, with the result that the current average processing time for motor vehicle field office transactions is about 8.5 minutes per transaction. We believe that the current estimate is more straightforward and more viable.

If there are savings in our original cost estimate, it is more likely to occur as a result of some of the undocumented population already applying for licenses. Our original estimate assumed none of the current undocumented population applies for licenses. If at least 6.3% of population already applies, the bill's cost would decline and there would be no fiscal impact to the Highway Fund. We are unaware of any hard data on this subject. Nonetheless, a 6.3% presentation rate seems plausible.

The bill would be effective beginning with FY 2002.

Local Government Impact

Annual revenues to local governments would increase by \$1,802,200 from the Highway User Revenue Fund, including increases of \$961,400 for cities, \$598,900 for counties, and \$241,900 for controlled access highways in Maricopa and Pima counties.

3/9/01