

### Fiscal Estimate - 2009 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-4500/2</b>	<b>Introduction Number</b> <b>AB-0947</b>	
<b>Description</b> Requiring certain identification in order to vote at a polling place or obtain an absentee ballot, verification of the addresses of electors, absentee voting procedure in certain residential care apartment complexes and adult family homes, identification cards issued by the Department of Transportation, creating an identification certificate issued by the Department of Transportation, requiring the exercise of rule-making authority, and providing a penalty		
<b>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs                        3. <input type="checkbox"/> Increase Revenue                        5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs                        4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS s.20.395(5)(cq)		
<b>Agency/Prepared By</b> DOT/ Richard Kleist (608) 266-1449	<b>Authorized Signature</b> Julie Johnson (608) 267-3703	<b>Date</b> 5/10/2010

## Fiscal Estimate Narratives

DOT 5/10/2010

LRB Number	09-4500/2	Introduction Number	AB-0947	Estimate Type	Original
<b>Description</b> Requiring certain identification in order to vote at a polling place or obtain an absentee ballot, verification of the addresses of electors, absentee voting procedure in certain residential care apartment complexes and adult family homes, identification cards issued by the Department of Transportation, creating an identification certificate issued by the Department of Transportation, requiring the exercise of rule-making authority, and providing a penalty					

### Assumptions Used in Arriving at Fiscal Estimate

#### BILL SUMMARY

Under existing law, WisDOT charges a fee to all persons renewing (\$28) or obtaining an original (\$28) or duplicate (\$16) identification document. Current law also requires all Department of Transportation (DOT) issued identification (ID) cards contain a photograph of the applicant. Applicants for an ID would be eligible for a "valid without photo" ID card if they have sincerely held religious belief against being photographed. The provision allowing the "valid without photo" ID card is repealed when DOT implements the requirements of the 2007 Wisconsin Act 20 provisions of the federal REAL ID Act which then requires each drivers license and identification card issued to include the person's photograph. A person would also be able to use these documents to register or vote at the polls on election day.

This bill proposes that an applicant for an original or renewal ID card, and for reinstatement after certain cancellations of the ID card, may request and be issued the document at no charge. All applicants for duplicate ID cards would continue to be charged a \$16 fee. Upon implementation of the provisions of the federal REAL ID Act, DOT may no longer issue an identification card without a photograph and a person may no longer obtain an identification card from DOT free of charge.

This bill creates an identification certificate to be issued by DOT beginning at the time that DOT implements the provisions of the federal REAL ID Act. When used for purposes of voting, an identification certificate has the same status as an identification card. A person is eligible for an identification certificate if the person provides the same information that an elector is required to provide in order to register to vote and signs a statement affirming that the information is correct. The identification certificate may not be accepted by any federal agency for federal identification.

The bill proposes that an applicant for an original, renewal, or duplicate ID certificate, and for reinstatement after cancellation of the ID certificate, may request and be issued the document at no charge. Applicants for an ID certificate would be eligible for a "valid without photo" ID card if they have sincerely held religious belief against being photographed.

#### ASSUMPTIONS

This proposal provides a questionable and uneven public policy that allows some residents to receive a governmental service at no charge while others are charged. This inequity is based solely on a person's knowing to ask for the service for free and not on any other criteria. It also does not charge for original and renewal identification cards, but continues to require a fee for duplicate cards.

Once customers who pay for the service become aware they could have avoided the fee, there is a high probability they will be upset. Many will contact DOT and demand a refund of their fee. This proposal would likely lead to DMV issuing all original and renewal ID cards at no charge as a policy to avoid such situations.

Although it appears this proposal is intended to provide ID cards at no cost to assist in providing proof of identity for persons attempting to register or vote at the polls, the language would actually provide ID cards at no cost to ALL applicants, provided they ask for the product at no cost, whether or not they are eligible to vote. This would include those persons under the age of 18 or convicted felons as examples.

Current law requires all ID cards to contain a photograph of the applicant. This proposal allows, for an

undetermined period of time, an ID card to be issued without a photograph to those people having a sincerely held religious belief against being photographed.

This bill also creates an Identification Certificate. The Identification Certificate will appear substantially similar to ID Cards, but must be readily identifiable as different than an ID card or Drivers license and must clearly state the certificate is not acceptable for identification for any federal agency.

As stated above, this proposal provides a questionable and uneven public policy that allows some residents to receive a governmental service at no charge while others are charged. This inequity again is based solely on a person's knowing to ask for the service for free and not on any other criteria, thereby creating the same issues as previously stated.

Again it appears this proposal is intended to provide ID certificates at no cost to assist in providing proof of identity for persons attempting to register or vote at the polls, the language would actually provide the certificates at no cost to ALL applicants, whether or not they are eligible to vote, provided they ask for the product at no cost. This would include those persons under the age of 18 or convicted felons as examples.

Computer system changes will be necessary to create the new ID certificate and provide the ability to issue the product, both with or without a fee being collected and with or without a photograph included.

Changes will also be necessary to allow an ID card to be issued without payment of a fee. The fee changes would be necessary to avoid the continual need to "over-ride" fees and provide a method for tracking the number of products issued under the provisions of this proposal to avoid financial auditing problems. Computer changes will also be necessary to allow an ID card to be issued without a photograph. These applicants will also be considered non-standard applicants requiring longer processing time due to additional paperwork being required to provide proof of their sincerely held religious belief against being photographed.

When the REAL ID changes resulting from 2007 Wisconsin Act 20 are implemented, it will be necessary to require all ID cards to contain a photograph and require payment of an application fee, except in situations otherwise statutorily provided for.

There may be an indeterminable increase in issuance of ID cards in addition to the new ID certificates for individuals who wish to vote but don't have proper identification. This may cause spikes in service needs at DMV service centers before and on elections days. Some potential voters may not be able to vote if they go to their polling place without ID after service hours have ended for DMV service centers in their area.

This proposal may cause some customers who paid a fee for an ID card or an ID certificate to attempt to get a refund once they find out they could have obtained the product at no charge. This will result in an increased number of non-standard customer service contacts with possible fee refunds.

When attempting to determine costs for this proposals, we also used the following assumptions:

- 20% of Wisconsin residents who do not currently hold a driver's license or identification card will require service.

- 90% of applicants for an original or renewed identification card will request a free card.

- The department will not refund any fees paid for identification cards prior to the effective date of this bill.

The effective date of the proposed changes appears to be the day after publication. There is no possibility DOT could have systems changes completed to implement the requirements of the proposal. Estimated computer systems changes require an estimated 12 months to complete.

## CONCLUSIONS

## COST SUMMARY

In the past five years, the Department has developed new online driver's licensing services (ex: occupational license eligibility, reinstatement eligibility, etc.) and the driver license issuance and reinstatement systems have been redesigned into DB2 architecture. These systems and applications, and other processing business rules will all need updating to incorporate issuance of a new license type called the Identification Certificate.

- Computer programming changes to Wisconsin's driver licensing system for over the counter processing and online systems to issue, identify, update, and withdraw a Driver Certificate. The cost to complete these computer system changes is \$602,000.
- The Identification Certificate must be different in appearance and contain certain markings regarding usage. The card stock and product issuance vendor must create a new license product template and their development costs have increased over the past three years. The cost of template development is \$150,000.
- \$50,160 estimated one-time costs for modifications to DMV issuance systems to allow for IDs without photographs and creation of a fee over-ride method.
- \$2,305,573 net loss of annual revenue for issuing free ID cards to customers for which we previously collected fees.
- \$83,030 (1.9 FTE) net annual cost increase for issuing ID cards and Identification Certificates to new customers who obtain them because they are now available for free.
- \$11,210 ongoing annual cost increase to pay DL ID vendor for additional ID products issued to new customers.

- Estimated Annual WisDOT revenue from ID card fees (based on 2008 statistics):

Originals – 40,707 @ \$28 = \$1,139,796

Renewals – 50,784 @ \$28 = \$1,421,952

Total Annual Revenue \$2,561,748 @ 90% = \$2,305,573

- Assuming 90% of those who currently pay for the ID card will now request it to be issued for no charge, the net loss of annual revenue will be \$2,305,572 (90% of total ID Original and Renewal revenue).

- If the department receives many complaints from angry customers who pay for the service and demand a refund, this proposal could lead to DMV issuing all ID cards at no charge as a policy to avoid this situation. This would cause an annual revenue loss of \$2,561,748.

- The average number of original ID cards issued in 2006, 2007, and 2008 was 52,880. We estimate that an additional 20% of this number, or 10,576 residents, hold neither a driver license nor ID card and will take advantage of access to a free ID card or Identification Certificate. Each ID takes 18.6 minutes to issue. This new work requires 1.9 FTE at an annual ongoing cost of \$83,030 (1.9 FTE @ \$43,700 DMV Field Agent Salary and Fringe).

- Under contract WisDOT pays \$1.06 for each driver license ID product issued to cover equipment and materials costs. The 10,576 new customers would cause an ongoing annual cost increase of \$11,210 under WisDOT's new contract with our DL/ID vendor.

- Creation and printing of a new application for use when applying for an Identification Certificate, assuming printing of 15,000 forms annually would cause an ongoing annual cost increase of approximately \$500.

If DMV determines that refunds would be issued to those who previously paid for ID documents, an additional indeterminable number of staff would be needed to process these refund requests.

### **Long-Range Fiscal Implications**

See above.

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  Computer programming changes to Wisconsin's driver licensing system for over the counter processing and online systems to issue, identify, update, and withdraw an Identification Certificate. The cost to complete these computer system changes is \$602,000. The Identification Certificate must be different in appearance and contain certain markings regarding usage. The card stock and product issuance vendor must create a new license product template and their development costs have increased over the past three years. The cost of template development is \$150,000. An additional \$50,160 estimated one-time costs for modifications to DMV issuance systems to allow for ID cards without photographs and creation of a fee over-ride method. Total one-time cost for computer system changes equals approximately \$802,160		
<b>II. Annualized Costs:</b>		
	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$83,030	\$
(FTE Position Changes)	(1.9 FTE)	
State Operations - Other Costs	11,710	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$94,740</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S (s.20.395(5)(cq))	94,740	
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S (s.20.395(5)(cq))		-2,305,572
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-2,305,572</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	State	Local

NET CHANGE IN COSTS	\$94,740	\$
NET CHANGE IN REVENUE	\$-2,305,572	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		
<b>Date</b>		
DOT/ Richard Kleist (608) 266-1449	Julie Johnson (608) 267-3703	5/10/2010