



Legislative Fiscal Bureau

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June 23, 2005

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 119: Funding for the Department of Transportation for Costs Associated with Issuing Free Identification Cards

Senate Bill 119 was introduced on March 15, 2005, and referred to the Committee on Natural Resources and Transportation. On March 16, 2005, the bill was withdrawn from that Committee and referred to the Committee on Labor and Election Process Reform. On April 5, 2005, the bill was recommended for passage by that Committee on a vote of four to one. On April 13, 2005, the bill was referred to the Joint Committee on Finance.

SUMMARY OF BILL

Senate Bill 119 would establish an appropriation to the Department of Transportation (DOT) for paying the Department's costs associated with issuing and renewing photo identification cards without charge, under provisions of either Assembly Bill 63 or Senate Bill 42. Those bills, along with making various modifications related to voting requirements, would require DOT to issue a photo identification card at no charge to any applicant who requests a free card. Under SB 119, DOT would be required to certify to the Elections Board a statement of its costs incurred in issuing and renewing photo identification cards at no charge. The Board would review the statement and determine whether the statement is correct and then certify to DOT the amount of costs that the board determines to be correct. An amount equal to the certified costs or \$250,000 per year, whichever is less, would be transferred from the Board's federal aid appropriation to the DOT appropriation to pay all or a portion of the Department's issuance and renewal costs.

The bill includes a provision that specifies that the act would be void unless either AB 63 or SB 42 is enacted into law and that, as enacted, they contain the requirement that DOT issue photo identification cards at no charge upon request. The bill would take effect on the day after publication or on the day after the effective date of AB 63 or SB 42, whichever is later. Those bills include a January 1, 2006, effective date.

Assembly Bill 63 was passed by the Legislature on April 13, 2005, but was vetoed by the Governor. An attempt to override the Governor's veto failed on May 3, 2005. Senate Bill 42 was laid on the table by the Senate on April 13, 2005.

FISCAL EFFECT

The Department of Transportation's fiscal estimate for AB 63 and SB 42 assumed that 24,560 people would apply for an identification card solely because of the bill's voter identification requirements. The cost of issuing cards to these people was estimated at \$156,200 per year, or about \$6.36 per applicant, a figure that includes the cost of card materials and staff time needed to process the applications. In a bill summary written to the Committee on those bills for a February 16, 2005, executive session, it was noted that these costs may not recur on an annual basis, since much of the initial demand for cards would be satisfied prior to the first election that the photo identification provisions take effect and, therefore, would be lessened in subsequent years.

However, the cost reimbursement provisions in Senate Bill 119 are not based on the marginal cost of issuing free identification cards to persons who apply for a card solely because of the voter identification requirements. Rather, the reimbursement is based on DOT's total cost to issue and renew photo identification cards to all applicants who request a card at no charge. The Department's fiscal estimates for the voter identification bills assume that 80% of current identification card holders will request a free card, which amounts to 97,266 cards per year. The full cost of processing original issuance and renewals for this number, plus the cost of issuing cards to the 24,560 people who apply solely because of the voter identification requirements, is estimated at \$780,100 annually. Since this amount far exceeds the \$250,000 maximum reimbursement, it can be assumed that the Department would be reimbursed at the \$250,000 level each year. The Department would have to absorb the remaining costs, although the reimbursement would exceed the additional estimated costs associated with issuing cards to persons who apply for a card solely because of the voter identification provisions.

In addition to the costs associated with issuing photo identification cards at no charge, there would be a reduction in transportation fund revenues associated with issuing cards at no charge to persons who would otherwise pay a fee. DOT estimates that the issuance of free identification cards would result in an \$875,400 annual revenue loss to the transportation fund. However, the reimbursement provisions in Senate Bill 119 would apply only to DOT's issuance costs, not the revenue reduction.

In its fiscal estimate for the bill, the Elections Board indicated that federal funds would only be available for four years. After that, DOT would have to absorb the full cost of issuing the identification cards. The Elections Board indicates that the use of federal Help America Vote Act (HAVA) funds for the purpose of reimbursing DOT would require an amendment to the state's HAVA plan and the reprioritization of federal funds among the original uses included in that plan.

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