

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 715

(Senator Ramirez, *et al.*)

Judicial Proceedings

Maryland Highway Safety Act of 2013

This bill expands the authority of the Motor Vehicle Administration (MVA) to issue or renew a driver's license, identification card, or moped operator's permit to an individual who does not have a Social Security number or lawful status by repealing a current limitation that the individual must have held one of those documents on April 18, 2009. The bill also repeals the termination date of July 1, 2015, for the authority for MVA to issue or renew one of these documents to an applicant without lawful status or a Social Security number.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues increase significantly – potentially by as much as \$7 million in FY 2014 under the information and assumptions discussed below – due to the payment of fees for additional driver's licenses and identification cards issued to individuals who are not currently eligible to obtain them. TTF expenditures increase significantly – potentially by as much as \$3.6 million in FY 2014 – for additional personnel and other costs associated with implementing the bill. General fund revenues and expenditures increase from the anticipated increase in the number of criminal fraud cases involving the issuance of an MVA credential.

Local Effect: Local revenues and expenditures increase from the anticipated increase in the number of criminal fraud cases involving the issuance of an MVA credential.

Small Business Effect: Minimal.

Analysis

Current Law/Background: Chapter 390 of 2009 (HB 387) defined “lawful status” as it applies to the issuance of identification cards, driver’s licenses, and moped operator’s permits. It also established a “two-tiered” approach to the issuance of these documents by MVA. The first tier documents are available only to individuals who have lawful status in the United States and have a Social Security number. The second tier documents are not valid for official purposes by federal agencies.

MVA issues the second tier documents under one of two circumstances. First, MVA may issue or renew one of these documents to an individual whose identity does not match records checked by MVA in its verification process but who resolves the “non-match” by meeting certain federal regulatory standards and is otherwise eligible. The second circumstance, and the one that is the subject of this bill, allows MVA to issue or renew one of these documents to an individual who held an identification card, driver’s license, or moped operator’s permit on April 18, 2009, but does not possess satisfactory evidence of lawful status or a valid Social Security number.

No MVA document issued to, or renewed by, an applicant who cannot provide satisfactory evidence of lawful status or a valid Social Security number is valid beyond July 1, 2015.

Chapter 390 was enacted in part to respond to new federal requirements under the REAL ID Act. On May 11, 2005, President Bush signed into law the REAL ID Act that requires federal agencies to accept only personal identification cards that meet certain standards. The U.S. Department of Homeland Security (DHS) issued final regulations in January 2008. Pursuant to these regulations, MVA must verify the identity and lawful status of each applicant for a driver’s license or identification card. Following enactment of Chapter 390, Maryland has achieved material compliance with the REAL ID Act, 1 of only 13 states to do so. Due to the widespread noncompliance among the states, DHS provided a 20-month extension of the compliance deadline on March 4, 2011, to expire January 15, 2013. On December 20, 2012, DHS announced a six-month deferment of enforcement beginning on January 15, 2013.

Once the deferment of enforcement expires, unless subsequently extended, DHS will begin a phased-in enforcement of REAL ID. Once fully enforced, driver’s licenses and identification cards issued by states that are not in compliance with REAL ID standards will not be recognized for federal purposes, including accessing a federal facility and boarding a federally regulated commercial aircraft.

State Revenues: A reliable estimate of the increase in TTF revenues resulting from the issuance of additional MVA documents cannot be made due to considerable uncertainty

regarding the number of individuals in Maryland or surrounding states that cannot currently provide satisfactory proof of lawful status to obtain one of these documents but that may obtain one under the bill. Other individuals will be able to continue to renew their documents after July 1, 2015. However, *for illustrative purposes only*, TTF revenues may increase by about \$7 million in fiscal 2014, about \$2.9 million in fiscal 2015, and by roughly \$500,000 annually from fiscal 2016 through 2018 from the collection of fees for the issuance of additional MVA credentials. This estimate is based on the following information and assumptions:

- the Pew Research Center has estimated that 275,000 undocumented immigrants resided in Maryland and another 420,000 resided in Delaware, the District of Columbia, Pennsylvania, and Virginia in 2010;
- the same number of undocumented immigrants currently reside in each jurisdiction;
- MVA estimates that 95,000 MVA credentials will have been issued to individuals who cannot provide proof of lawful status under current law before the effective date of the bill;
- 25% of these 95,000 “currently” issued credentials are renewed in fiscal 2014 and 75% in fiscal 2015;
- of the remaining 180,000 undocumented immigrants currently residing in Maryland, 135,000 apply for a learner’s permit/driver’s license, 30,000 apply for an identification card, and 15,000 apply for no MVA credentials between fiscal 2014 and 2018;
- 75% of undocumented immigrants currently residing in Maryland apply for an MVA credential in fiscal 2014, 10% apply in fiscal 2015, and the remainder apply in subsequent years;
- 5% of undocumented immigrants from a surrounding jurisdiction (15,500) move to Maryland and obtain an MVA credential between fiscal 2014 and 2018;
- 50% of undocumented immigrants who move to Maryland apply for an MVA credential in fiscal 2014, 25% apply in fiscal 2015, and the remainder apply in subsequent years;
- 85% of driver’s license renewals are issued five-year licenses on payment of \$30, and 15% are issued eight-year renewals on payment of \$48;
- 90% of identification card renewals are issued eight-year cards on payment of \$24, and 10% are issued five-year cards on payment of \$15; and
- the cost to obtain a learner’s permit, provisional driver’s license, and full driver’s license is \$50.

This estimate does not account for the collection of moped operator’s permits, which is anticipated to be minimal. The estimate also does not account for other vehicle-related fees and fines that may be collected as a result of the increase in licensed drivers in

SB 715/ Page 3

Maryland and, therefore, may underestimate the actual increase in TTF and general fund revenues. However, any such increase in other fees and fines may be offset by a decrease in various penalties associated with driving illegally.

As one example, general fund revenues may decrease to the extent that the number of fines paid from violators convicted of driving without a license decreases. It is unclear whether and to what extent this may occur. For example, although the number of such violations began increasing during the fiscal year that the lawful presence requirement began, and has risen by about 26% since that year, the number of violations resulting in a trial (and a potential conviction) has actually decreased; there may also be other reasons that the number of violations has increased.

State Expenditures: TTF expenditures increase by about \$3.6 million in fiscal 2014, about \$2.5 million in fiscal 2015, and by more than about \$1.1 million annually, beginning in fiscal 2016, for MVA to handle the increase in transactions and otherwise implement the bill, *under the assumptions and illustrative example discussed above*. This estimate reflects the cost of hiring 10 permanent employees and 94 contractual employees, including fraud investigators, as well as costs for issuing additional MVA credentials, training MVA employees and alerting the public of the bill's new requirements, procuring automobiles for the investigators, computer programming charges, and supplies and equipment. It also includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Permanent Positions	10
Contractual Positions	94
Salaries and Fringe Benefits	\$2,473,810
Automobile Operations	192,375
Public Outreach	150,000
Other Operating Expenses	831,004
Total FY 2014 MVA Expenditures	\$3,647,189

General fund expenditures increase from the application of current misdemeanor penalties for fraud in obtaining an MVA credential to the extent more people are committed to State correctional facilities and from increased payments to counties for reimbursement of inmate costs. MVA advises that it expects the number of fraud investigations to increase significantly under the bill due to the observed decline in the number of fraud cases that occurred following the passage of Chapter 390 of 2009, which instituted the lawful presence requirement. Additionally, MVA advises that in 2009 it began implementing new a new fraud detection system that significantly increased the number of fraud cases initiated.

Persons serving a sentence longer than 18 months are incarcerated in State correctional facilities. Currently, the average total cost per inmate, including overhead, is estimated at \$2,900 per month. This bill alone, however, should not create the need for additional beds, personnel, or facilities. Excluding overhead, the average cost of housing a new State inmate (including variable medical care and variable operating costs) is about \$370 per month. Excluding all medical care, the average variable costs total \$180 per month.

Persons serving a sentence of one year or less in a jurisdiction other than Baltimore City are sentenced to local detention facilities. For persons sentenced to a term of between 12 and 18 months, the sentencing judge has the discretion to order that the sentence be served at a local facility or a State correctional facility. Prior to fiscal 2010, the State reimbursed counties for part of their incarceration costs, on a per diem basis, after a person has served 90 days. Currently, the State provides assistance to the counties for locally sentenced inmates and for inmates who are sentenced to and awaiting transfer to the State correctional system. A \$45 per diem grant is provided to each county for each day between 12 and 18 months that a sentenced inmate is confined in a local detention center. Counties also receive an additional \$45 per day grant for inmates who have been sentenced to the custody of the State but are confined in a local facility. The State does not pay for pretrial detention time in a local correctional facility. Persons sentenced in Baltimore City are generally incarcerated in State correctional facilities. The Baltimore City Detention Center, a State-operated facility, is used primarily for pretrial detentions.

Additional Information

Prior Introductions: None.

Cross File: Although designated as a cross file, HB 789 (Delegate Ivey, *et al.* – Judiciary) is not identical.

Information Source(s): Maryland Department of Transportation, Pew Research Center, Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2013
mlm/ljm

Analysis by: Evan M. Isaacson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510