

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5045-01
Bill No.: HB 2280
Subject: Licenses - Driver's; Department of Revenue
Type: Original
Date: February 6, 2020

Bill Summary: This proposal authorizes the Department of Revenue to design and implement a digital driver's license program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(Up to \$1,206,249)	(Up to \$657,084)	(Up to \$400,000)
Total Estimated Net Effect on General Revenue	(Up to \$1,206,249)	(Up to \$657,084)	(Up to \$400,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	0 or 2 FTE	0 or 4 FTE	0 FTE
Total Estimated Net Effect on FTE	0 or 2 FTE	0 or 4 FTE	0 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue (DOR)** assume the following regarding this proposal:

Administrative Impact

The proposed legislation will require amendments to our current vendor contract or a request for procurement of a new license vendor contract to implement a digital driver license option, also referred to as the Mobile Driver License Application (mDL).

The cost for the digital driver license program is based on estimates provided by the Department's current licensing vendor. The Department will seek additional appropriations if a decision is made to move forward with full implementation.

There is a \$4.49 annual subscription fee associated with the purchase of an mDL, which is paid by the mDL holder to the app store when downloading the application and activating the mDL. This fee includes the app store fee and the vendor's fee. Once the app store collects its portion of the fee, the remaining fee balance is passed on to the vendor for its services.

Implementation and Program Services	\$700,000 one time
Cloud Hosting Charges	<u>\$400,000 per year</u>
First year total	\$1,100,000

Each year following: \$400,000

The actual final pricing could potentially be higher or significantly lower depending on the final scope, requirements, adoption trends, development of the alternate business models, etc. Potential models exist that could reduce and possibly eliminate these costs. Until an RFP is issued and responses from potential contractors come in, the Department will assume the high end of the cost estimates.

Oversight does not have any information to the contrary in regards to DOR's assumptions; however, DOR has indicated the \$1,100,000 cost in FY 2021 could be lower depending on several factors. Therefore, Oversight will reflect DOR's costs of "Up to \$1,100,000" on the fiscal note.

ASSUMPTION (continued)

DOR notes to implement the proposed legislation, the Department will be required to:

- Work with Office of Administration to amend the current license issuance vendor contract or issue a Request for Proposal (RFP) to compare available pricing and technology for Mobile Driver License Applications;
- Complete business requirements and design documents to modify the Missouri Electronic Driver License (MEDL) Central Issuance system, the Missouri Driver License System (MODL), Missouri AAMVA Interface (MAI), and supporting applications to allow for integration with the Mobile Driver License Application (mDL);
- Update forms, manuals, letters, and the Department website;
- Update the on-line and printed versions of the Missouri Driver Guide, Missouri Motorcycle Guide and Commercial Driver License Manual;
- Update policies, procedures, and the Uniform License Issuance Manual (ULIM);
- Train staff; and
- Deploy outreach efforts to inform the public, state and federal agencies and other entities using the Department of Revenue issued driver or nondriver license (identification card) for verification of identity of the Mobile Driver License Application (mDL).

FY 2021 - Driver License Bureau

Administrative Analyst II	1,512 hrs. @ \$17.13 per hr.	= \$25,901
Management Analysis Spec II	2,352 hrs. @ \$20.57 per hr.	= \$48,381
Revenue Manager	756 hrs. @ \$20.59 per hr.	= <u>\$15,566</u>
Total		= \$89,848

FY 2022 - Driver License Bureau

Revenue Processing Tech II	1,008 hrs. @ \$13.07 per hr.	= \$ 13,175
Administrative Analyst II	1,531 hrs. @ \$17.13 per hr.	= \$ 26,226
Management Analysis Spec II	3,659 hrs. @ \$20.57 per hr.	= \$ 75,266
Revenue Manager	766 hrs. @ \$20.59 per hr.	= <u>\$ 15,772</u>
Total		= \$130,439

FY 2022 - Personnel Services Bureau

Administrative Analyst II	1,176 hrs. @ \$17.13 per hr.	= \$20,145
Management Analysis Spec II	1,176 hrs. @ \$20.57 per hr.	= <u>\$24,190</u>
Total		= \$44,335

ASSUMPTION (continued)

Oversight assumes DOR could hire additional FTE as a result of this proposal. Based on the number of hours required to implement this proposal, Oversight assumes DOR could hire up to 4 additional FTE. Oversight will reflect the costs of potential FTE in the corresponding years the work will be required. Oversight assumes required hours over 1,080 may necessitate an additional FTE to be hired; therefore, Oversight assumes DOR may need 2 additional FTE in FY 2021 and four additional FTE in FY 2022.

Below is a summary of the FTE costs by fiscal year:

FY 2021 (10 Months) - Driver License Bureau

1 Administrative Analyst II
1 Management Analysis Specialist II
Salary plus fringe benefits = \$106,249

FY 2022 - Driver License Bureau

1 Administrative Analyst II
1 Management Analysis Specialist II
Salary plus fringe benefits = \$128,542

FY 2022 - Personnel Services Bureau

1 Administrative Analyst II
1 Management Analysis Specialist II
Salary plus fringe benefits = \$128,542

Officials from the **Department of Transportation (MoDOT)** assume the proposal will have no fiscal impact on their organization.

Oversight notes that MoDOT has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for MoDOT.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the

ASSUMPTION (continued)

General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget.

Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

FISCAL IMPACT - State Government	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
Cost - DOR - implementation and program services p. 3	(Up to \$700,000)	\$0	\$0
Cost - DOR - cloud hosting services p. 3	(Up to \$400,000)	(Up to \$400,000)	(Up to \$400,000)
Cost - DOR - Administrative costs (ranged from \$0 or up to costs of FTE per fiscal year) p. 4-5	<u>\$0 to (\$106,249)</u>	<u>\$0 to (\$257,084)</u>	<u>\$0</u>
FTE Change - DOR	0 or 2 FTE	0 or 4 FTE	0 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Up to \$1,206,249)</u>	<u>(Up to \$657,084)</u>	<u>(Up to \$400,000)</u>
Estimated Net FTE Change to the General Revenue Fund	0 or 2 FTE	0 or 4 FTE	0 FTE

FISCAL IMPACT - Local Government

FY 2021
(10 Mo.)

FY 2022

FY 2023

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses wanting to implement verification programs, beyond visual verification, may be required to invest in devices or applications to authenticate or accept shared information from a Mobile Driver License as a result of this proposal.

FISCAL DESCRIPTION

This proposal authorizes the Department of Revenue to design and implement a digital driver's license program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
February 6, 2020



Ross Strope
Assistant Director
February 6, 2020