

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2016 REGULAR SESSION**

**MEASURE**

2016 BR NUMBER **0295**

**HOUSE** BILL NUMBER **169**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to certificates for driving.**

**SPONSOR** **Representative Clark**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: **Vehicle Regulation; Court Operations and Administration; Kentucky State Police**

FUND(S) IMPACT:  GENERAL  ROAD  FEDERAL  RESTRICTED AGENCY \_\_\_\_\_  OTHER

**FISCAL SUMMARY**

<b>FISCAL ESTIMATES</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>		Indeterminable	Indeterminable	Indeterminable
<b>EXPENDITURES</b>		Indeterminable	Indeterminable	Indeterminable
<b>NET EFFECT</b>		(Indeterminable)	(Indeterminable)	(Indeterminable)

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:**

HB 169 would establish a system for issuing "certificates for driving", similar in function to a driver's license, to individuals who cannot meet the requirements of existing statute related to citizenship, permanent residency, or other authorization for licensure.

**PROVISIONS/MECHANICS:**

Section 1 creates a new section of KRS 186.400 to 186.640 to define the term "certificate for driving" as a document issued by the Kentucky Transportation Cabinet (KYTC) to an individual 18 years or older who has resided in the Commonwealth for a minimum of three years and who cannot prove citizenship or meet the requirements of KRS 186.412(2) to (4). It mandates that the certificates be clearly distinguishable from regular driver's licenses and clearly state that the document is not to be used for identification purposes. The section requires KYTC to establish a unique identifying number system for certificates and keep a database of driving histories available for the use of law enforcement. It further requires that the certificate display a color photo of the applicant and provides that the certificate be valid for one year and in Kentucky

only. The section prohibits the use of the database for the investigation or enforcement of immigration laws. It requires KYTC to promulgate administrative regulations to provide standards for the application, issuance, denial, and revocation of certificates for driving.

Section 2 creates a new section of KRS 186.400 to 186.640 that sets out the application procedure for certificates for driving and requires that the Kentucky State Police conduct driver testing of all applicants. It imposes instruction permit restrictions on individuals applying for a certificate who do not have a valid license from another state or recognized foreign jurisdiction. The section prohibits KYTC from issuing a certificate for driving to a person whose driving was suspended for any reason other than a conviction for failure to have insurance or for driving without a license.

Section 3 creates a new section of KRS 186.400 to 186.640 that sets out denial and revocation criteria, and it requires KYTC to establish a points and suspension system for moving violations, similar to the system used for driver's licenses. Certificate holders would be subject to existing penalties for DUI and driving on a suspended license. Certificates shall be valid for one year, with a renewal option, and the holder must possess the certificate while operating a motor vehicle. Certificate holders must notify the circuit clerk of name and address changes. The issuance, annual renewal, or duplication fee for a certificate shall be at the same rates as for a driver's license, but with an additional initial application fee of \$100. Holders shall not also possess a driver's license and may not operate a commercial motor vehicle.

Section 4 specifies an effective date of January 1, 2017 for the measure.

### **FISCAL EXPLANATION:**

The fiscal impact of this bill depends largely on how many individuals might apply for the new certificates. While many expenses will not vary based upon the number of applicants, revenues are largely dependent on the number of applicants.

Startup expenses are largely predicated on the fact that the certificates will require a new KYTC database and system that does not interface with other states or the federal government. KYTC estimates a cost of \$1,600,000 for the new system. KYTC estimates an additional \$250,000 for new card design, since the new certificates for driving can only be used for driving purposes and not for identification and must be clearly labeled as such. Currently, KYTC operates 12 field offices that would process the new certificates; these offices would have to be either expanded or moved to a new location that could handle new staff. KYTC estimates the cost of setting up these offices at \$100,000. This totals to \$1,950,000 in initial startup costs.

Currently, there are 29 field office employees that process approximately 16,000 non-U.S. citizen driver's license applications. The expanded offices would have additional lease costs, which KYTC estimates to be \$150,000 per year. KYTC estimates the staff necessary to handle the increased workload from the new certificates to be 24 Administrative Specialist III positions, an average of two new positions at each field office. Each position would cost about \$52,000 per year (salary and benefits) for a total of \$1,248,000 annually. This totals \$1,398,000 annually (office space and personnel). Depending on the number of applicants (discussed below), only one new position at each field office may be necessary (12 total) at a cost of \$624,000, for a total

of \$774,000 annually (office space and personnel).

Revenues are less certain for this measure. Since the purpose of the bill is to grant certain unauthorized immigrants the opportunity to legally drive on Kentucky roads, estimates of the number of unauthorized immigrants in the state as well as the number that might apply for the new certificates were made. According to the Pew Research Center, the estimated number of unauthorized immigrants in Kentucky in 2012 was 35,000. It is assumed that the number of individuals who might apply for the new certificates will be lower than 35,000 for a variety of factors, including but not limited to: age, cost, unwillingness to provide information to state government, or because the individual is already eligible for a driver’s license due to status in the Deferred Action for Childhood Arrivals or similar programs. In generating an estimate of revenues, a range was identified. This analysis assumes that between 5,000 individuals (low estimate) and 15,000 individuals (high estimate) will apply for the new certificates. Given that there is a \$100 one-time application fee, as well as a yearly requirement to renew the driving certificate at the same rate as a driver’s license (\$20), this would produce between \$600,000 and \$1,800,000 in new revenue in the first year. The majority of this revenue would accrue to the Road Fund, with smaller amounts accruing to a restricted agency fund at the Administrative Office of the Courts (AOC) and a fraction to counties. At the low end, ongoing revenues would total \$100,000 annually, and at the high end \$300,000 annually.

The Kentucky State Police would conduct driver's tests for all applicants as they do for driver's license applicants currently. Circuit clerks offices would issue the new certificates as they do for driver's license applicants currently. These entities would see indeterminable net cost increases, since the current fee structure for driver's license issuance does not cover costs, according to AOC. The cost increases are expected to be minimal, as the number of new applicants would be low relative to the number of current driver's license applicants processed by these entities.

The chart below summarizes the fiscal impact. The impact differs for the low estimate (5,000 individuals applying) and the high estimate (15,000 individuals applying).

	<b>FY17</b>	<b>FY18 and ongoing</b>
Expenses - low (5,000)	\$ 2,724,000	\$ 774,000
Revenue - low (5,000)	\$ 600,000	\$ 100,000
Net Effect- low (5,000)	\$ (2,124,000)	\$ (674,000)
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Expenses - high (15,000)	\$ 3,348,000	\$ 1,398,000
Revenue - high (15,000)	\$ 1,800,000	\$ 300,000
Net Effect - high (15,000)	\$ (1,548,000)	\$ (1,098,000)

**DATA SOURCE(S): KYTC; Pew Research Center, AOC**  
**PREPARER: Justin Perry and Jeff Schnobrich** NOTE NUMBER: **44** REVIEW: **JRS** DATE: **1/29/2016**