COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT LEGISLATIVE RESEARCH COMMISSION 2017 REGULAR SESSION

MEASURE

2017 BR NUMBER <u>1242</u>

HOUSE BILL NUMBER 410

RESOLUTION NUMBER

AMENDMENT NUMBER

<u>SUBJECT/TITLE</u> <u>An ACT relating to operator's licenses and personal identification cards</u> <u>and making an appropriation therefor.</u>

SPONSOR Representative DuPlessis

NOTE SUMMARY

FISCAL ANALYSIS: X IMPACT NO IMPACT INDETERMINABLE IMPACT

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LEVEL(S) OF IMPACT:	X STATE	🛛 LOCAL	FEDERAL

BUDGET UNIT(S) IMPACT: <u>Department of Vehicle Regulation (KYTC)</u>; <u>General Administration and</u> <u>Support (KYTC)</u>; <u>Court of Justice</u>; <u>Justice Administration (JPSC)</u>

FUND(S) IMPACT: Second ROAD FEDERAL RESTRICTED AGENCY Motorcycle Safety Education Program Fund; Circuit Clerks Fund OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			\$6.91 million*
EXPENDITURES			\$1.27 million*
NET EFFECT			\$5.64 million*

() indicates a decrease/negative

*Full implementation will not occur until approximately fiscal year 2023-2024. See Fiscal Explanation section for details.

MEASURE'S PURPOSE: The measure changes the method of distribution for instruction permits, operator's licenses, and personal identification (ID) cards in the Commonwealth from a decentralized system that utilizes 142 circuit clerk locations to a system of central issuance. Circuit clerk locations will continue to process applications for the cards. The measure increases fees and changes the renewal period for operator's licenses and ID cards from four to eight years, while allowing for a transition period in which some cards issued will expire after four years and some after eight years. Additionally, the measure requires the Transportation Cabinet to offer two options to applicants for permits, licenses, and ID cards: 1) a voluntary travel ID document that complies with the security requirements of the federal REAL ID Act of 2005 and that may be used for federal ID purposes; or 2) a standard document that does not meet standards for federal ID purposes.

PROVISIONS/MECHANICS: Section 1 amends KRS 186.410 to specify that the Kentucky Transportation Cabinet (KYTC), rather than the circuit clerk in the county of an individual's residence, is the issuing agency for operator's licenses and personal ID cards. Applications may still be made through the circuit clerk, but the section is amended to also allow applications through alternative technology such as a KYTC mobile unit. The section establishes a base renewal period of eight years, instead of four years, for operator's licenses and personal ID cards. It amends language to mandate that drivers under 18 enroll in a driver education course. The section allows applicants to apply for either a voluntary travel ID document or a standard document that does not meet standards for federal ID purposes.

Section 2 repeals and reenacts KRS 186.412 to set forth the application process for citizens and permanent residents to apply for operator's licenses and instruction permits. It identifies the information required in the application process. It requires circuit clerks to electronically scan and forward supporting documents, along with the application and a photo of the applicant, to KYTC. A birth certificate will only be scanned and a copy retained if the individual is applying for a voluntary travel ID. Upon completion of any required exams, circuit clerks shall present applicants with a temporary license or permit, valid for 30 days until a permanent license or permit is mailed to the applicant by KYTC.

Section 3 creates a new section of KRS 186.400 to 186.640 to set forth the application process for immigrants who can show proof of legal presence to apply for operator's licenses and instruction permits. It requires that immigrants applying for an operator's license apply with KYTC, and it requires verification through the SAVE alien verification system. The section sets forth requirements for individuals with K-1 status (foreign-born fiancé of a U.S. citizen). The section requires an immigrant with a change in status to update information with KYTC within ten days, and it states that licenses issued under this section are good for the length of time a person's visa is valid or eight years, whichever is shorter. It specifies that if an immigrant is not a special status individual and does not have a date certain on his or her immigration status, the license issued will be valid for one year.

Section 4 creates a new section of KRS 186.400 to 186.640 to set forth the application procedures for citizens and permanent residents to apply for personal ID cards. Requirements are similar to those in Section 2. The section prohibits an applicant for an ID card who does not have a fixed, permanent address from obtaining a voluntary travel ID. A person shall not hold more than one license or personal ID card that is a voluntary travel ID.

Section 5 creates a new section of KRS 186.400 to 186.640 to set forth the application procedures for immigrants who can show proof of legal presence to apply for personal ID cards, with similar limitations and restrictions as for operator's license applications in Section 3.

Section 6 creates a new section of KRS 186.400 to 186.640 to establish the form and composition of operator's licenses and personal ID cards, including the requirements for photographs taken. The section specifies that name changes conform to an applicant's name on file with the Social Security Administration. The document must indicate whether it is either: 1) a voluntary travel ID document that complies with the security standards set forth in the federal REAL ID Act of 2005 and may be used as ID for federal purposes; or 2) is not to be used for

federal ID purposes. The section also establishes a process whereby KYTC may issue a permit, license, or ID card without a photograph if an applicant documents a religious objection; however, photo-less cards cannot be used for federal ID purposes.

Section 7 creates a new section of KRS 186.400 to 186.640 to establish procedures for the issuance of personal ID cards or operator's licenses to inmates released from state and federal correctional institutions and individuals on probation and parole. The section allows KYTC to enter into an agreement with the Kentucky Department of Corrections, the U.S. Probation Office, of the Federal Bureau of Prisons to use a mobile unit to begin the issuance process.

Section 8 creates a new section of KRS 186.400 to 186.640 to establish procedures and fees for the voluntary child ID program. A parent or guardian has the option to obtain a child ID card that may be used for federal ID purposes or one that may not.

Section 9 creates a new section of KRS 186.400 to 186.640 to continue allowing renewal by mail for active duty members of the military stationed outside the Commonwealth, and to expand it to their spouses and dependents. The section allows a 90-day extension for active duty military members, their spouses, and their dependents upon returning home to renew their licenses if they have expired. The section also establishes procedures and requirements for the issuance of a "veteran" notation on an operator's license or personal ID card.

Section 10 creates a new section of KRS 186.400 to 186.640 to require KYTC to develop a system for issuing voluntary travel ID instruction permits, operator's licenses, commercial driver's licenses (CDLs), and personal ID cards that will meet the security requirements of the federal REAL ID Act of 2005 and be valid for federal ID purposes. The section establishes requirements for technology development, collection and management of personal information, and implementation of a security plan for employees, facilities, and production processes. It clarifies that electronic connectivity with agencies or organizations must be limited to the minimum amount of data necessary to verify information presented by the applicant, and it limits data sharing as required under the federal Driver's Privacy Protection Act. The section allows individuals to apply for a permit, license, or ID card that is either a "voluntary travel ID" or "standard." KYTC is directed to promulgate administrative regulations to carry out the section.

Section 11 creates a new section of KRS 186.400 to 186.640 to set forth the documents required to apply for a voluntary travel ID permit, license, or personal ID card, which must include two documents showing the name and physical residential address of the applicant. The applicant must provide evidence of U.S. citizenship or nationality, lawful permanent or temporary resident status, conditional permanent resident status, application for asylum, nonimmigrant visa status, refugee status or application, temporary protected status, deferred action status, or application for adjustment of status to alien lawfully admitted for permanent residence.

Section 12 amends KRS 186.401 to redefine "driver's license" and define "operator's license."

Section 13 amends KRS 186.4101 to require that licenses be renewed every eight years, instead of four, and to allow KYTC, during the first four years after the effective date of the Act, to issue

licenses and ID cards with terms of both four and eight years in order to accommodate the transition to an eight-year licensing schedule.

Section 14 amends KRS 186.4125 to require that applicants for a voluntary travel ID present a certified copy of a birth certificate. The section retains existing language allowing the use of an original hospital birth certificate for a standard card and requires KYTC to apply to the U.S. Department of Homeland Security (DHS) for an exception to allow hospital birth certificates to be used for voluntary travel IDs.

Section 15 amends KRS 186.430 to conform.

Section 16 amends KRS 186.435 to require licensed drivers from outside Kentucky who are non-U.S. citizens who become Kentucky residents to apply for a Kentucky operator's license within thirty days of becoming a resident if they wish to operate a motor vehicle.

Section 17 amends KRS 186.442 to clarify procedures for "Kentucky Only" operator's licenses.

Sections 18 to 20 amend KRS 186.450, 186.490, and 186.520 to conform.

Section 21 repeals and reenacts KRS 186.531 to set fees for instruction permits, operator's licenses, and personal ID cards for both voluntary travel IDs and for standard cards. It sets forth the distribution of fees to the Road Fund, KYTC Photo License Fund, Administrative Office of the Courts (AOC) Fund for circuit clerks, general fund, and motorcycle safety education program fund. The section sets fees for an eight-year period, except for permits and under-21 operator's licenses, and it specifies that fees for any four-year license issued during the transition to eight-year licensure shall be 50 percent of the fee listed, with all distributions subsequently reduced by 50 percent. The section specifies that fees for identity documents applied for using alternative technology shall be distributed in the same manner as identity documents applied for with the circuit clerk. It sets forth procedures for voluntary donations to promote organ donation. The section establishes donation levels of \$2 for an eight-year document and \$1 for a document with a term of less than eight years. It requires that donations be forwarded to the Kentucky Circuit Court Clerks' Trust for Life. The section also establishes an additional fee of \$30, deposited to the road fund, for individuals who are not U.S. citizens or permanent residents, as well as applicants who request a card without a photo.

Section 22 creates a new section of KRS Chapter 27A to establish the circuit court clerk salary account, sets forth streams of income including a portion of fees under Sections 21 and 24 of the measure, and appropriates funds to hire additional deputy circuit clerks and provide salary adjustments to deputy circuit clerks.

Section 23 creates a new section of KRS Chapter 174 to establish the KYTC photo license account within the road fund. It sets forth the stream of income, including a portion of the fees under Section 21 of this measure, and appropriates funds for the purpose of verifying, creating, and distributing secure photo identity documents.

Section 24 amends 186.440 to conform.

Section 25 amends 186.535 to specify that \$2, instead of \$0.50, from each original or renewal operator's license is for the state driver education program, and \$2, instead of \$0.50, shall be paid to the fiscal court of the county where the license is issued to be used for county road purposes. The distribution of fees is reduced by 50 percent for any licenses issued for a four-year term.

Section 26 amends KRS 186.540 to clarify that fees for corrected licenses are as stated in Section 21 of the measure, and it requires KYTC to issue a corrected license free of charge to an individual who is mailed an identity document that contains an error.

Section 27 amends KRS 186.570 to conform and to require the Cabinet to destroy any canceled, suspended, or revoked licenses.

Section 28 amends KRS 186.579 to conform.

Section 29 repeals, reenacts, and renumbers KRS 186. 6401 as KRS 186.635 to conform and to bring the section into the statutory range dealing with operator's licenses.

Sections 30 and 31 amend KRS 189.011 and 281A.140 to conform.

Section 32 amends KRS 281A.170 to require that a commercial driver's license contain a denotation that the license either does comply with the requirements of the federal REAL ID Act of 2005 and can be used for federal ID purposes, or that it cannot be used for federal ID purposes. The section sets an eight-year term for CDLs.

Section 33 amends KRS 281A.120 to clarify that only citizens and permanent residents of the U.S. are eligible to receive a CDL or a commercial driver's instruction permit.

Section 34 amends KRS 281A.150 to set forth maximum fees that may be set by KYTC for application and issuance of CDLs and to eliminate outdated references.

Section 35 amends KRS 186.010 to define "identity document" and "travel ID."

Sections 36 to 38 amend KRS 15A.358, 186.480, and 281A.160 to conform.

Section 39 repeals KRS 186.495 and 186.5315 to remove outdated requirements.

Section 40 sets an effective date of January 1, 2019, for Sections 1 to 9 and 11 to 39.

FISCAL EXPLANATION: This measure will increase both expenditures and revenues, with a net positive fiscal impact. Since the exact date of implementation is unknown, Year 1, Year 2, etc. are used instead of fiscal years. KYTC currently estimates implementing the measure during 2019 or 2020. Year 0, when used, indicates the baseline, which is an average of 2013-2016 license issuance data.

	Year 1	Year 2	Year 3	Year 4	Year 5 and beyond				
Additional Revenues	\$11.40M	\$11.40M	\$11.40M	\$11.40M	\$6.91M				
Additional Expenditures	\$1.95M	\$1.69M	\$1.69M	\$1.69M	\$1.27M				
Net Effect	\$9.45M	\$9.71M	\$9.71M	\$9.71M	\$5.64M				

Table 1: Summary of Fiscal Impact

Expenditure Impact

The main areas of expenditure impact are an increased production cost for the card itself, software/programming updates, expenses related to security improvements required by federal regulations (including background checks on employees and fraudulent document training), and a public education campaign. There are also potential workload impacts beginning in Year 5.

<u>Cost per card</u>: Currently, the state pays \$2.95 per license to its vendor for card production. Equipment in circuit clerks' offices is included in this cost. The cost per card in a future contract is expected to increase by \$1.00 to \$1.50 for a total of \$3.95 to \$4.45, depending on the scope of the contract and bids received. The increase is due to mailing costs, improved card security, source document retention (when applicable), card re-design, and other factors. For purposes of this analysis, the midpoint of the estimate (a \$1.25 increase per card) is used.

<u>Software/programming updates</u>: KYTC anticipates certain software development and testing costs, as well as administrative costs, associated with the changes required by HB 410. Existing resources will be used where possible, but anticipated new costs are estimated at up to \$250,000 over a two-year period. These expenses may be incurred prior to the year of implementation, but they are included in Year 1 on Tables 1 and 2.

Improvements required by federal regulations: In order to meet federal requirements for issuance of voluntary travel IDs that will be valid for federal ID purposes, certain security measures will be required. These include background checks and fraudulent document training for employees involved in card issuance. It is estimated that approximately 250 individuals will require background checks and training. At a cost of approximately \$35 per person for one-time background checks and \$10 per person per year for fraudulent document training, estimated costs are \$11,250 in the first year and \$2,500 annually thereafter. Any physical or information security improvements required to bring the card issuance process into compliance with federal Department of Homeland Security (DHS) regulations beyond those noted above would increase costs. However, KYTC does not anticipate costs beyond those noted above.

<u>Public education campaign</u>: KYTC anticipates undertaking a comprehensive public education campaign in order to inform citizens of new issuance procedures, renewal cycles, and documents required to obtain voluntary travel IDs. This potential cost is indeterminable at this time.

<u>Workload impacts</u>: Currently, approximately 1.35 million cards are issued annually, predominantly by circuit clerks, but also by KYTC Division of Driver Licensing Field Office staff. As Table 5 at the end of this document shows, the number of renewals in Year 5 is

expected to decrease, which is expected to bring down the total number of cards issued annually to 1.02 million. This will decrease the workload for circuit clerk offices and KYTC staff issuing driver's licenses. It is unknown to what extent the decrease in transactions might result in personnel or operating cost savings.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5 and beyond
Additional Expenditures	-	\$1,950,000	\$1,690,000	\$1,690,000	\$1,690,000	\$1,270,000
Total Cards Issued	1,352,627	1,352,600	1,352,600	1,352,600	1,352,600	1,015,100

Revenue Impact

There are three main reasons revenue is expected to increase over the baseline revenue amount of \$24.23 million. First, the measure increases fees for permits, licenses, and ID cards above their current rates. Table 4 shows the new fee amounts and the accounts to which revenues are distributed. Second, the transition from four-year to eight-year licensing results in a one-time compressed payment cycle. In the first four years of the transition, half of cardholders will receive an eight-year card at the new fee amount, while the other half will receive a four-year card at half the eight-year rate. In the long term, this smooths the timing of revenues, and the cost per year to cardholders is the same. However, revenue collection is frontloaded, causing receipts to spike in the first four years. Third, the measure establishes a new additional fee of \$30 for individuals who are not U.S. citizens or permanent residents, as well as applicants who request a card without a photo. There are approximately 12,000 individuals who will be required to pay the fee in each of Years 1-4; this number will decrease in Year 5 and thereafter. New fee revenue is expected to total \$360,000 annually in Years 1-4 and \$270,000 annually thereafter.

These revenue estimates assume that one third of individuals will choose to receive a voluntary travel ID and two thirds will opt for a standard document. This is an estimate provided by KYTC based on the experiences of states that offer both REAL ID-compliant and noncompliant cards.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5 and beyond
Additional Revenues	-	\$11,400,000	\$11,400,000	\$11,400,000	\$11,400,000	\$6,910,000

 Table 3: Estimated Additional Revenue

Fee Distribution

Table 4 on the next page shows fee amounts and distributions for different categories of cards. It shows the current fees for four-year cards, as well as the new fees for eight-year cards that are voluntary travel IDs and eight-year cards that are standard documents.

					Fee Distribution																			
	Total Fee		Total Fee			Total Fee Road Fund At Large			Road Fund Fiscal Court Driver's Education Portion of Road Fund			KYTC Photo License Account			AOC Fund			General Fund			Motorcycle Fund			
	Current 4yr	HB410 8yr Vol.	HB410 8yr Stnd.	Current 4yr	HB410 8yr Vol.	HB410 8yr Stnd.	Current 4yr	HB410 8yr Vol.	HB410 8yr Stnd.	Current 4 y r	HB410 8yr Vol.	HB410 8yr Stnd.	Current 4yr	HB410 8yr Vol.	HB410 8yr Stnd.	Current 4yr	HB410 8yr Vol.	HB410 8yr Stnd.	Current 4yr	HB410 8yr Vol.	HB410 8yr Stnd.	Current 4yr	HB410 8yr Vol.	HB410 8yr Stnd.
OL (Initial/ Renewal)	\$ 20.00	\$ 48.00	\$ 43.00	13.60	27.00	24.00	0.50	2.00	2.00	0.50	2.00	2.00	1.00	7.00	7.00	4.40	10.00	8.00	0	0	0	0	0	0
OL (under 21) (up to 4 yrs)	varies	\$ 18.00	\$ 15.00	varies	8.50	7.50	varies	0	0	varies	0	0	varies	5.00	4.00	varies	4.50	3.50	0	0	0	0	0	0
Duplicate/ Corrected OL, MC OL, or combo	\$ 12.00	\$ 15.00	\$ 15.00	6.00	5.25	5.25	0	0	0	0	0	0	1.00	4.00	4.00	4.00	4.00	4.00	1.00	1.75	1.75	0	0	0
Motor vehicle IP (3yr)	\$ 12.00	\$ 18.00	\$ 15.00	7.00	6.00	5.00	0	0	0	0	0	0	0	5.00	4.00	4.00	5.00	4.00	1.00	2.00	2.00	0	0	0
Motorcycle IP (1yr)	\$ 12.00	\$ 18.00	\$ 15.00	6.00	6.00	5.00	0	0	0	0	0	0	1.00	5.00	4.00	1.00	2.00	4.00	0	1.00	2.00	0	4.00	0
Motorcycle OL (initial/ renewal)	\$ 24.00	\$ 48.00	\$ 43.00	13.60	15.50	13.50	0.50	2.00	2.00	0.50	2.00	2.00	1.00	9.00	8.00	4.40	9.50	7.50	0	0	0	4.00	10.00	10.00
Combination vehicle/ MC OL (initial/renewal)	\$ 30.00	\$ 58.00	\$ 53.00	17.04	24.00	21.00	0.50	2.00	2.00	0.50	2.00	2.00	1.00	7.00	7.00	3.96	13.00	11.00	3.00	0	0	4.00	10.00	10.00
PIDC (initial/renewal)	\$ 12.00	\$ 28.00	\$ 23.00	10.75	11.00	8.00	0	0	0	0	0	0	0	8.00	8.00	0	6.00	4.00	1.25	3.00	3.00	0	0	0
PIDC (duplicate/ corrected)	\$ 12.00	\$ 15.00	\$ 15.00	10.75	6.00	6.00	0	0	0	0	0	0	0	4.00	4.00	0	3.50	3.50	1.25	1.50	1.50	0	0	0
PIDC (no fixed address)	\$ 4.00	n/a	\$ 10.00	2.00	n/a	0	0	n/a	0	0	n/a	0	0	n/a	5.00	2.00	n/a	5.00	0	n/a	0	0	n/a	0
	Current	НВ	410	Current	НВ	410	Current	НВ	410	Current	HB	410	Current	HB	410	Current	HB	410	Current	НВ	410	Current	НВ	410
Child ID Current: 4yr HB 410: 2yr	\$4.00	\$6	5.00	o		0	0		0	0	()	2.00	4.	00	2.00	2.	00	0	8	o	0		0
Non-U.S. / Non-photo	0	\$3	0.00	0	30	0.00	0		0	0	()	0		0	0	l	0	0	8	D	0	i I	0

Table 4. Fee Distribution

All fees are for four or eight years as indicated, except those for OL (Under 21)(up to 4 yrs), Motor vehicle IP (3 yr), and Motorcycle IP (1 yr); and Child ID "Current 4yr" indicates the cost paid under existing law for a 4-year card

"'HB410 8yr Vol." indicates the fee and distribution of fees under the provisions of HB410 for an 8-year voluntary travel ID (valid for federal identification purposes)

"HB410 8yr Stnd." indicates the fee for an 8-year standard document (not valid for federal identification purposes)

"Road Fund Driver's Education" is the set aside for the state driver education program pursuant to KRS 186.535 / Section 25 of HB 410

"Fiscal Court Portion of Road Fund" indicates set aside for the fiscal court of the county where the license is issued; for county road purposes (KRS 186.535 / Section 25 of HB) 410

"KYTC Photo License Account" is the account funded by the set aside in the current KRS 186.531 / Section 23 of HB 410 to be used for verifying, creating, and distributing ID cards

"AOC Fund" is the account funded by the set aside in the current KRS 186.531 / Section 22 of HB 410 to be used by the Administrative Office of the Courts for circuit clerks "Motorcycle Fund" is the motorcycle safety education program fund established by KRS 15A.358

"OL" means operator's license; "MC" means motorcycle; "IP" means instruction permit; "PIDC" means personal identification card

"Non-U.S. / Non-photo" refers to the new fee paid by individuals who are not U.S. citizens or permanent residents, as well as applicants who request a card without a photo.

Transition Schedule

A portion of the fiscal impact of this measure relates to the transition from a four-year renewal cycle to an eight-year renewal cycle. Approximately half of all cards issued each year are renewals. In order to maintain smooth revenue flows in the long term, KYTC anticipates staggering renewals using a combination of four-year and eight-year licenses until issuances are distributed equally across an eight-year renewal cycle. Table 5 shows a simplified estimate of the number of annual renewals that does not take into account population growth. Year 0 is the baseline; there are currently approximately 675,000 renewals each year. Year 1 indicates the first year that KYTC will issue both four-year and eight-year licenses. Individuals who receive a four-year license in Year 1 will renew in Year 5 at which point they will receive an eight-year license. Individuals who receive an eight-year license in Year 1 will first renew in Year 9 at which point they will receive another eight-year license.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
4 yr Renewals	675,000	337,500*	337,500	337,500	337,500					
8 yr Renewals		337,500^	337,500	337,500	337,500	337,500*	337,500	337,500	337,500	337,500^
Total Renewals	675,000	675,000	675,000	675,000	675,000	337,500	337,500	337,500	337,500	337,500

 Table 5. Transition Schedule for Renewals

* Indicates the same cohort of individuals ^ Indicates the same cohort of individuals

Miscellaneous Notes / Issues

- > Expenditure and revenue estimates above do not factor in population growth.
- Baseline or "Year 0" estimates were produced by averaging figures from 2013, 2014, 2015, and 2016, in order to eliminate distortions resulting from the cyclical nature of card issuance.
- Under the U.S. Department of Homeland Security's current timeline, starting October 1, 2020, any individual attempting to use a state driver's license or ID card as identification for domestic air travel must have a REAL ID-compliant card. KYTC's current estimates for beginning issuance of compliant voluntary travel IDs is late 2019 or early 2020. If DHS's deadline stays the same, there may be an influx of individuals in early to mid-2020 requesting early driver's license renewal. None of the analysis above incorporates this factor.
- Section 34 of the measure increases the maximum fee that KYTC may charge, pursuant to administrative regulation, for commercial driver's licenses. Our analysis assumes the fee stays at the current level.

DATA SOURCE(S): <u>Kentucky Transportation Cabinet; Kentucky Transportation Center;</u> <u>Administrative Office of the Courts</u>

PREPARER: Justin Perry and Jeff Schnobrich NOTE NUMBER: <u>114</u> REVIEW: JRS DATE: <u>2/27/2017</u>