

# Fiscal Note

**BILL #** HB 2604

**TITLE:** licenses; not proof of citizenship.

**SPONSOR:** Hernandez L

**STATUS:** As Introduced

**PREPARED BY:** Jordan Johnston

## Description

The bill would permit the Arizona Department of Transportation (ADOT) to issue a driver license or nonoperating ID to a person without legal status in the United States.

## Estimated Impact

We estimate that the bill would have no General Fund impact.

There will be some additional costs and revenues to the State Highway Fund from this bill. We estimate changing the driver license application process will cost several hundreds of thousands of dollars on a one-time basis. ADOT may also incur some ongoing administrative costs, including adding new FTE positions to handle the increased workload. We assume that any new costs will be covered by the fees collected from the department to issue the new IDs.

We have requested ADOT's estimated impact of this legislation and are awaiting their response.

## Analysis

Current law prohibits ADOT from issuing a driver license or nonoperating ID to a person who does not submit satisfactory proof to the department that their presence in the U.S. is authorized under federal law.

The bill would permit ADOT to issue a driver license or nonoperating ID to these individuals. According to estimates from multiple sources, including the Pew Research Center and the Migration Policy Institute, there are approximately 260,000 individuals age 16 or above without legal status in Arizona. They would now become eligible to receive a driver license or nonoperating ID.

Of the estimated 260,000 individuals now eligible for a driver license in Arizona, we estimate that approximately 65,000 or 25% would apply for a new license in the first year. We assume that this number will likely decline in future years as demand for the driver license or nonoperating ID decreases over time.

Based on data previously provided by ADOT, the department expends \$1.63 for each driver license and nonoperating ID card issued, including tax and postage costs but excluding staff operating costs. Under the assumption that all approximate 65,000 unauthorized residents in Arizona would apply for and receive a driver license or nonoperating ID, the department would incur license issuance costs of about \$106,000.

However, ADOT collects a \$25 driver license fee for everyone under the age of 40, after which the fee declines down to \$10 for each resident age 50 and older. A nonoperating ID fee is \$12. Assuming an average of \$20 is collected from each ID issued for the estimated 65,000 unauthorized residents, ADOT would generate about \$1.3 million in new revenue. The actual revenue generated from the new applicants would depend on both the age of the applicant and the particular ID they were applying to receive (i.e. driver license or nonoperating ID).

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The bill would further likely result in some ongoing administrative costs associated with the new driver license rules, including an increased workload from new applicants. However, we estimate that any increased workload resulting from this bill would be offset by the fees collected from ADOT to issue the IDs.

The bill would also permit ADOT to collect an individual taxpayer identification number if the applicant cannot provide a social security number. This change, along with other procedural changes necessary for permitting unauthorized resident applications, would likely require modifications to the department's driver license application process. Based on prior ADOT cost estimates, we assume that such changes would have a one-time cost in the hundreds of thousands of dollars.

**Local Government Impact**

None

4/4/23