

FISCAL NOTE
Requested by Legislative Council
02/09/2015

Amendment to: SB 2148

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$1,992,000		\$680,000
Expenditures				\$1,895,550		\$786,750
Appropriations				\$1,895,550		\$786,750

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill as amended provides for an enhanced driver's license with an additional fee of \$65.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The fiscal impact to the DOT stems from the requirement to issue the EDL and the costs associated with providing the license.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

It is estimated that roughly 4% of the driving population may get an EDL. Based on this calculation, there could be 21,400 sales in FY16, with an on-going expectation of 3,500 to 4,500 each fiscal year thereafter. Accordingly, the incremental revenues produced by this bill would be: 2015 - 2017 biennium: $(\$65 + \$15 \text{ current} = \$80) \times (21,400 + 3,500) = \$1,992,222$; 2017-2019 biennium: $(\$65 + \$15 = \$80) \times (4,000+4,500) = \$680,000$.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Costs include one-time IT start-up costs of \$625,000; mail costs (\$1.50 per license); and cost per license production. These incremental costs would be: 2015-2017 biennium: \$1,359,550; 2017-2019 biennium: \$250,750

Additionally, the continuing cost for four FTE to provide the service in four locations in the state are: 2015-2017 biennium $4 \times \$134,000 = \$536,000$; 2017-2019 biennium $4 \times \$134,000 = \$536,000$.

The total cost impact would be \$1,895,550 for the 2015-2017 biennium and \$786,750 for the 2017-2019 biennium.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

NDDOT will require the following additional appropriations to meet the requirements of this bill; these amounts have not been requested in the 2015-2017 appropriation request. 2015-2017 biennium: \$1,859,550; 2017-2019 biennium: \$786,750.

Name: Glenn Jackson

Agency: NDDOT

Telephone: 328-4792

Date Prepared: 02/09/2015

FISCAL NOTE
Requested by Legislative Council
02/09/2015

Amendment to: SB 2148

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
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Expenditures				\$1,895,550		\$786,750
Appropriations				\$1,895,550		\$786,750

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill as amended provides for an enhanced driver's license with an additional fee of \$65.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The fiscal impact to the DOT stems from the requirement to issue the EDL and the costs associated with providing the license.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

It is estimated that roughly 4% of the driving population may get an EDL. Based on this calculation, there could be 21,400 sales in FY16, with an on-going expectation of 3,500 to 4,500 each fiscal year thereafter. Accordingly, the incremental revenues produced by this bill would be: 2015 - 2017 biennium: $(\$65 + \$15 \text{ current} = \$80) \times (21,400 + 3,500) = \$1,992,222$; 2017-2019 biennium: $(\$65 + \$15 = \$80) \times (4,000+4,500) = \$680,000$.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Costs include one-time IT start-up costs of \$625,000; mail costs (\$1.50 per license); and cost per license production. These incremental costs would be: 2015-2017 biennium: \$1,359,550; 2017-2019 biennium: \$250,750

Additionally, the continuing cost for four FTE to provide the service in four locations in the state are: 2015-2017 biennium $4 \times \$134,000 = \$536,000$; 2017-2019 biennium $4 \times \$134,000 = \$536,000$.

The total cost impact would be \$1,895,550 for the 2015-2017 biennium and \$786,750 for the 2017-2019 biennium.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

NDDOT will require the following additional appropriations to meet the requirements of this bill; these amounts have not been requested in the 2015-2017 appropriation request. 2015-2017 biennium: \$1,859,550; 2017-2019 biennium: \$786,750.

Name: Glenn Jackson

Agency: NDDOT

Telephone: 328-4792

Date Prepared: 02/09/2015

FISCAL NOTE
Requested by Legislative Council
01/08/2015

Bill/Resolution No.: SB 2148

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$1,120,500		\$382,500
Expenditures				\$1,895,550		\$786,750
Appropriations				\$1,895,550		\$786,750

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Bill provides for an enhanced driver's license with fee of \$45.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The fiscal impact to the DOT stems from the requirement to issue the EDL and the one-time costs associated with providing the license. The scenario used for this fiscal note is based on the assumption that the enhanced driver's license would be offered out of four locations, requiring one FTE per location.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Based on the experience of other border states, it is estimated that roughly 4% of the driving population may get an EDL. Based on this calculation, there could be 21,400 sales in FY16, with an on-going expectation of 3,500 to 4,500 each fiscal year thereafter. Accordingly, the incremental revenues produced by this bill would be: 2015 biennium: \$45 X (21,400 + 3,500) = \$1,120,500; 2017 biennium: \$45 X (4,000+4,500) = \$382,500. Continuing cost for four FTE to provide the service in four locations in the state; 2015 biennium: 4 X \$134,000 = \$536,000; 2017 biennium: 4 x \$134,000 = \$536,000

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Costs include one-time IT start-up costs of \$625,000; mail costs (\$1.50 per license); and cost per license production (\$28 per license). These incremental costs would be: 2015 biennium: \$1,359,550; 2017 biennium: \$250,750

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

NDDOT will require the following additional appropriations to meet the requirements of this bill. These amounts have not been requested in the 2015-2017 appropriation request. 2015 biennium: \$1,859,550; 2017 Biennium: \$786,750

Name: Glenn Jackson

Agency: NDDOT

Telephone: 328-4792

Date Prepared: 01/13/2015

2015 SENATE TRANSPORTATION

SB 2148

2015 SENATE STANDING COMMITTEE MINUTES

Transportation Committee
Lewis and Clark Room, State Capitol

SB 2148
1/23/2015

Recording job number 22430

Subcommittee Conference Committee

Committee Clerk Signature

Doris E. Perez

Explanation or reason for introduction of bill/resolution:

To create and enact a new section to chapter 39-06 of the North Dakota Century Code, relating to an enhanced operator's license; and to provide a penalty.

Minutes:

Attachments: 3

Chairman Oehlke opened the hearing on SB 2148, all committee members were present

Marie Strinden, Representative District 18 Grand Forks, in favor of this bill see attachment #1 (1:08-4:56)

Charley Johnson, President of the Fargo-Moorhead & West Fargo Convention & Visitors Bureau: anything that makes it easier for North Dakotans and Canadians to go back and forth across the border is good for us. Now it takes two documents, if it can be combined into one, we would fully favor that. At the request of **Senator Sinner** described the process of getting back into the USA from Canada. (5:51-9:59)

Senator Tim Mathern, District 11, Cass County, sponsor of the bill, see attachment #2, introduced this bill to facilitate crossing back and forth between the two countries. There is a \$45 charge above the regular driver's license fee to pay for the main part of the infrastructure, in the Department of Transportation, involved in creating this license. (10:23-13:31) Yes, **Vice Chairman Casper** there is going to be an initial economic detriment on DOT during the implementation of the technology. We can change it as the technology expands thru more states there will be better ways of doing this.

Glen Jackson, Director, Driver's License Division, North Dakota Department of Transportation (DOT), attachment # 3: outlined the elements that will increase the costs for this license. Pointed out error in fiscal note (18:35- 20:00). \$45 was used to calculate the revenue gain, then realized it is an additional fee, so it would be \$60/license; the revenue would increase and the net loss would be less. (16:21- 19:46). **Chairman Oehlke**: the enhanced driver's licenses would be good for the 6 yrs. **Senator Sinner** I did not calculate what it would take to break even on this. **Vice Chairman Casper** this does not affect Canadian processing in any way. **Vice Chairman Casper** we looked at other states' initial projections of how many people would get this license, they overestimated. We took their average response which is around 4% and that is what we estimated. It could be more or

less we really don't know. **Senator Axness**, the other states that overestimated had additional fees that varied, their average cost of the regular driver's license are higher.

Senator Campbell thinks more of the fees should be passed to the users and requested a cost of production approximation to break even. **Chairman Oehlke** asked that all this be zeroed out and not end up having a fiscal note where we have to have an appropriation. Perhaps it could even be a declining cost.

Glen Jackson will provide the committee with the information requested.

No additional testimony, **Chairman Oehlke** closed the hearing.

2015 SENATE STANDING COMMITTEE MINUTES

Transportation Committee
Lewis and Clark Room, State Capitol

SB 2148

2/5/2015

Recording job number 23324

Subcommittee Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

To create and enact a new section to chapter 39-06 of the North Dakota Century Code, relating to an enhanced operator's license; and to provide a penalty.

Minutes:

Attachment: 1, 2

Glen Jackson, Director of the Drivers' License Division at the North Dakota Department of Transportation (DOT) provided the committee with a Cost Analysis Enhanced Driver's License, attachment #1. It is based on two assumptions: 1: The FTE (full time employees) required to implement this project; 2. All production costs will be covered by the fee. He discussed the projections with the committee.

Senator Sinner: we can review these numbers in two years, seems the majority of the cost will be the employees.

Chairman Oehlke I don't think there will be enough people wanting this license to offset the costs.

Senator Campbell if they really want it, they will pay what needs to be paid.

Vice Chairman Casper moved to amend line 7 strike \$45, replace with \$65

Senator Sinner seconded

Chairman Oehlke: Cole pointed on page 3, last sentence, lines 2 thru 4.

Chairman Oehlke: submitted for the record written testimony from James Moyer, specialist in driver's license security and privacy issues. See attachment #2

Vice Chairman Casper moved to add to his amendment: on page 2 line 2 remove "The use of a license permit" and lines 3 and 4

Senator Sinner seconded

Voice vote on amendment: all in favor

Senate Transportation Committee

SB 2148

2/05/2015

Page 2

Senator Campbell moved do pass as amended and re-refer to appropriations

Vice Chairman Casper seconded

Roll call vote: Yes 5 No 1 Absent

Carrier: Senator Sinner

February 5, 2015

*2/5/15
Jone*

PROPOSED AMENDMENTS TO SENATE BILL NO. 2148

Page 1, line 2, remove "; and to provide a penalty"

Page 1, line 6, remove "- **Penalty**"

Page 1, line 7, replace "forty-five" with "sixty-five"

Page 2, line 2, remove "The use of a license, permit,"

Page 2, remove lines 3 and 4

Renumber accordingly

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 SB BILL NO. 2148**

Senate _____ **TRANSPORTATION** _____ Committee

Subcommittee

Amendment LC# or Description: see below

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
- Other Actions: Reconsider _____

Motion Made By Vice Chairman Casper Seconded By Senator Sinner

Senators	Yes	No	Senators	Yes	No
Chairman Oehlke			Senator Axness		
Vice Chairman Casper			Senator Sinner		
Senator Campbell					
Senator Rust					
VOICE VOTE : <i>all in favor</i>					

Total (Yes) 6 No 0

Absent 0

Floor Assignment **Senator Sinner**

If the vote is on an amendment, briefly indicate intent:

Page1, line 7 replace "forty-five" with "sixty-five"
 Page 2, line 2 remove "The use of a license permit" and lines 3 and 4

REPORT OF STANDING COMMITTEE

SB 2148: Transportation Committee (Sen. Oehlke, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2148 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "; and to provide a penalty"

Page 1, line 6, remove "- Penalty"

Page 1, line 7, replace "forty-five" with "sixty-five"

Page 2, line 2, remove "The use of a license, permit."

Page 2, remove lines 3 and 4

Renumber accordingly

2015 SENATE APPROPRIATIONS

SB 2148

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2148
2/12/2015
Job # 23722

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to an enhanced operator's license.

Minutes:

Legislative Council -
OMB - Nick Creamer

Chairman Holmberg: Called the committee to order on SB 2148.

Senator Tim Mathern, District 11, Bill Sponsor: Introduced the bill for citizens who wanted an easy way to get to Canada and back. Essentially, the technology is available wherein a person can submit their documents that would normally be used in getting a passport can submit these documents to DOT and then the driver's license can be impregnated with a chip that carries all the documents. That permits the border crossing agents in our countries to ascertain that one is a citizen and one is able to go back and forth without those documents. As you know, since 9/11 the tragic event in New York, much of the security of our buildings, much of the security between our countries has been enhanced to the point where it's frustrating to travel. I used to go to Winnipeg regularly and I just don't go there anymore because of requirements at the border. There are also Canadians are in the same boat. This enhanced driver's license would be for citizens to pay an extra fee and then can cross the border without any papers other than the driver's license. Then you can go to Canada with your driver's license and they let you back in to the U.S. This requires DOT to work with federal officials so that whatever the federal governments require for documentation would be included in this permit. The Transportation Committee of the Senate increased the fee on this driver's license from the original bill. I guessed what it would cost on the original bill, I guessed about \$45 and then DOT did an analysis of how many people would actually use this and to pay for the technology; it takes more money and therefore they increased the fee. It's a service people want. Going beyond that it has the potential of adding other features that we may add in the future. I expect that once we add this technology we will find other things that we want to use it for. There are some customers that have new credit cards with a little tag inside of it. We've learned, in the credit card industry, that adding that electronic feature is more

secure than a regular credit card. All new cards will have that and if we introduce this technology, it may be more widely used.

Chairman Holmberg: A US passport costs around \$100. A global entry card with a chip in it was approx. \$100. The rest of the world has gone to chips. If you travel in Europe, you're finding places that will not accept a credit card without the chip in it.

Senator Carlisle: A lot of our businesses don't accept the card with the chip in it. They aren't ready to use them yet; you have to use your regular credit card.

Ch. Holmberg: This credit card has both chip and magnetic strip.

Sen. Mathern: I think most of the cards that we're getting here have both in them.

Senator Carlisle: What's wrong with going to Canada with your passport?

Senator Mathern: You can still use your passport. This gives you another option for those that want it.

Ch. Holmberg: This would work, as I understand it, to cross into Mexico and to Canada.

Sen. Mathern: The other thing is we would not be the first state doing this; there are other states doing it. This bill has been around before. One concern was that we would have to develop the technology; now the technology is here.

Senator G. Lee: I agree that the technology is here as Homeland Securities indicated that this is an acceptable ID for their standards for us to get from here to Canada.

Senator Mathern: They have, but that is part of the bill. Our DOT could not institute technology that would not be approved. They have to get approval first from Homeland Security before we would put this into effect.

Senator Wanzek: The information on the chip would be pertinent information like birth certificate information, or what other kinds of information would be on that chip.

Senator Mathern: The chip would contain any information that homeland security requires for travel between country borders. That requirement might change over the decades and then the change would just be made on the data that's held in the chip. As I understand it you would bring data to DOT, they download into chip and data could be changed by the DOT if there were different changes being made by Homeland Security.

Chairman Holmberg: The one sentence in the bill suggests the following, that the enhanced RF chip that the data is limited to a randomly assigned number which must be encrypted if agreed to by the United States Dept of Homeland Security and does include biometric data or any information other than the citizenship status of the applicant. That would not allow other data on there. It would be there as Terry Wanzek, citizen. The state issued driver's license with his picture, etc.

Senator Mathern: Thank you for that clarification. That was added in light of concerns that more data would be there and the people were concerned about the dissemination of data that's beyond what's really needed to make this work to cross the border and return. So that people couldn't use this to steal your identity, etc.

Chairman Holmberg: Did you have testimony in the Transportation committee from DOT?

Senator Mathern: Yes, DOT did testify and they were useful in clarifying what it would actually cost. Essentially the fiscal note is a reflection of what DOT thought it would cost. They took no position on the bill but were helpful in establishing how this would work and what it would cost to implement.

Senator O'Connell: In my district, there are a large number of people who farm on both sides of the border. They don't carry their passport or driver's license. We get a lot of company living in Bottineau that want to go to the Peace Garden. For example, there was a couple in their mid-90s, can't get a passport because we can't get a birth certificate, the church burnt down and they tell me that if you can find two people to verify that they saw them when they were born, then they will give them a birth certificate. That is where we have problems up there.

Senator Heckaman: I have a question about the storage of data that DMV could put on this. Let's say that I'm going down the road and I get picked up by the highway patrol and I have a speeding ticket, or I get a DUI. If I had an enhanced license, could the motor vehicle department put that information on the chip? The reason I'm asking this because I was on a bus tour to Winnipeg and a few years ago, and there were three buses together and the bus in front of us was pulled over to the side and they couldn't go on because one of their passengers had a DUI in Minnesota and they would not allow that person to enter Canada unless he produced \$200.00 cash. If he had \$200 cash then he could go on the bus and go to Canada and get back in. So if a person had a DUI, would that automatically be entered on this chip?

Sen. Mathern: That would not be automatically entered. In fact, there is a prohibition to that in the bill. I imagine at some point in years hence, that could be another use but the legislature would have to decide that. Right now, that couldn't be used in that manner.

Senator Bowman: This becomes a credit card passport to get to Canada and Mexico; to use that instead of a passport. This takes care of the passports so it is approved by both Mexico and Canada. So when it is implemented we don't find out after the fact and get stuck up in the border someplace for something and we're not ready for it.

Senator Mathern: You're correct and the added features you could also use it for your regular driver's license, so if you get pulled over by the cops, on the way home this weekend, if you had this enhanced driver's license, you would use it for that purpose too, to show that you are a licensed driver. It meets both purposes that you are a licensed driver and for the purpose of a passport.

Senator Sorvaag: There are still businesses in my area that have problems in the bars and all of identifying age before they serve them in a bar, etc. I know it is big and clear, but

when they are in a rush and getting drinks for the citizens in bars. Long story, we didn't do a bill on it. But that was one discussion when I went with Sen. Oehlke to DOT that maybe someday this could happen that the bar could scan that license and know for sure that someone is of legal age, instead of trying to do the math?

Sen. Mathern: You have just given an example of what I believe could be the future use of this. Once the technology is in place I suspect other positive uses will come to light. That's not presently the intent. Once we use this technology, we will come up with other ways of simplifying commerce and people's lives. I was interested in this because I feel upset that the terrorists have changed my life. I want more freedom of movement. Someone has to put the technology in place. It's available in MN and we're all connected by family and commerce on both sides. So people are asking why we don't do this.

Senator Wanzek: This would only be able to be used in Canada and Mexico or could this be global?

Senator Mathern: The intent is just for US citizens to go to Canada and Mexico. Eventually it could be global. Right now the intent is just to make it easier for the U.S. citizens to go back and forth to Canada and Mexico; our immediate neighbors.

Chairman Holmberg: The requirement at the present time, unless they changed this in the last year for the global entry - you have to prove you are a U.S. citizen by using your birth certificate, and for that they don't issue that unless you have had an interview with their employees and they do the fingerprints like that. With global entry - you come back to the U.S. You don't have to go through the passport control. You just go through a kiosk, scan it, put your hand on there, they take a picture and you get a printout and you would walk straight through. This is less than that. This does not require a face-to-face with a border agent.

Senator Mathern: Most of us aren't sophisticated world travelers that need global cards. Most of the citizens in ND don't have that card.

Ch. Holmberg: That global, you can even get to Jamaica with it.

Sen. Robinson: A few years ago I was on my way to Brandon University for a meeting and I am about ready to pull out of the yard and the youngest son crying and wants to go with daddy, and my wife asked me to take him. So I had her pack some stuff. We didn't think about it at all, because we don't frequent border crossing. Got to the border crossing and they said what do you have for identification. I had nothing for the youngest son. They did allow me to go in and said that they are going to make a record of it. I had 24 hours and if I didn't come back in that time they were going to check on me. I said that this was a little bit ridiculous isn't it. Just a few days before they had a similar situation and the young boy was asked if he was your daddy, the boy said no. So they had all kinds of law enforcement and so on. I would imagine unless you live close to Canada or Mexico, you just don't deal with these issues frequently and you take it for granted.

Senate Appropriations Committee
SB 2148
February 12, 2015
Page 5

Senator Mathern: You bring up a good example. For someone who has child custody issues with a former spouse where the child lives in another country. You would have constant going back and forth. It would be easier to travel back and forth.

Senator Krebsbach: I move a Do Pass on SB 2148. Senator Heckaman seconded.

A Roll Call vote was taken. Yea: 13 Nay: 0 Absent: 0

The bill goes back to the Transportation committee and Senator Sinner will carry the bill.

Date: 2-12-15
 Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2148**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Krebsbach Seconded By Heckaman

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent _____

Floor Assignment Transportation Sinner

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2148, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2148 was placed on the Eleventh order on the calendar.

2015 HOUSE TRANSPORTATION

SB 2148

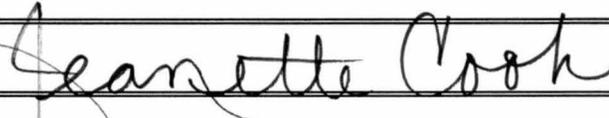
2015 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

SB 2148
3/6/2015
#24429

Subcommittee
Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill relating to an enhanced operator's license.

Minutes:

Attachments #1-3

Chairman Dan Ruby opened the hearing on SB 2148.

Senator Mathern, Fargo, introduced SB 2148 and provided written testimony. See attachment # 1.

Representative Rick C. Becker: What other states have enhanced drivers' licenses?

Senator Mathern: I don't have the list, but I know that Minnesota has them.

Representative Mike Schatz: You used to have two forms of ID to go into Canada. Would this card eliminate that?

Senator Mathern: This would eliminate that. The information would be provided to the Department of Transportation, and the encoding would be entered into the driver's license. It may have a chip in it that provides the information needed.

Representative Rick C. Becker: Presumably, we need two forms of ID because Canada says we need two. So, if we have one that is embedded, doesn't Canada need to have a law that says we just need one of this type of ID? Did they change their laws to allow this?

Senator Mathern: We would still be required to follow all of the Canadian and American laws in this regard. However, whatever requirements they have would be embedded in the enhanced driver's license.

Chairman Dan Ruby: We have had similar bill in the past. Some of the same arguments have been presented. I appreciate that the costs are covered. I have a son that lives near the Canadian border. He goes back and forth quite often without even having a passport. I know that you can get a passport card or a book, which allows you to fly as well. They are not difficult to get. The reason that this has failed in the past is that we didn't need the

redundancy, when the passport card was already available. Did you have that discussion in the Senate, and do you see the real need to do this on another level?

Senator Mathern: Yes, we have had this bill before. Other times the fiscal note has been a problem, but since the fee changes cover the cost, we hope it will be a possibility. The goal really is simplicity for the citizens. Citizens want convenience, citizens are willing to pay for convenience, and citizens want to use technology. We want to facilitate that. Our next generation is much more willing to use technology to meet needs and not have extra paper documentation.

Chairman Dan Ruby: There is a lot of language in here dealing with privacy issues. Are you concerned with that? There may be potential to extract people's personal information. Do you feel that we can adequately protect people's privacy with all this information on a card like this?

Senator Mathern: Yes, we can. The information is really not ON the card. Senator Sinner will address that further. The language was added to address the privacy issue, which wasn't in the previous bills.

Vice Chairman Lisa Meier: Who would be responsible to make sure that the driver would be covered and up-to-date?

Senator Mathern: That is one of the reasons that we included staff, to make sure that there is someone in the Department of Transportation to address those concerns.

15:21

Senator Sinner, District 46 in Fargo, spoke to support SB 2148 and provided written testimony. See attachment #2.

Senator Sinner: The other states that have the enhanced driver's licenses today are Vermont, Minnesota, and Washington. They are all border states that have a fair amount of traffic.

Representative Chris Olson: Is this to enter Canada?

Senator Sinner: No, this is to help you return into the United States.

Representative Chris Olson: It says that it MAY include the RIFD chip, not that it will. If it were to include the chip, is there no personal information aside from this random number on it?

Senator Sinner: That is correct.

Representative Chris Olson: So, really the "magic" is in the data base, which would have to be linked to the Department of Homeland Security (DHS) in order for the ID card to have any actual benefit. Where in the bill is provision made for a data sharing agreement with the DHS to give access to our drivers' license database?

Senator Sinner: I believe that the state already has that data sharing information arrangement with Homeland Security. If you go to the border, and they pull your information, they have access to your information today.

Representative Chris Olson: Then, why don't our drivers' licenses already allow easy entry?

Senator Sinner: They do if you want to wait in line. Today if you go across the border, you have to carry all that information and give it to them; it is not stored on the state website.

Representative Rick C. Becker: The RFID chip says may include, but at this point it *must* include, unless there is a new technology, correct?

Senator Sinner: I think that is correct. That is the only thing that is available today.

Representative Rick C. Becker: Do the R F chips routinely have real time location capabilities?

Senator Sinner: I believe so.

Representative Rick C. Becker: Does the revenue on the fiscal note drive purely from the \$65 per card? If that is true, it would indicate that there would be between 30,000 and 31,000 drivers' licenses.

Senator Sinner: The fiscal note is driven by \$80 per card. They have to pay the regular \$15 as well. Since they will not be getting the regular license, the other \$15 will go to cover the costs as well. There are numbers on the bottom of the fiscal note that were estimated by the Department of Transportation as to how many licenses they expect.

Representative Rick C. Becker: If you are including the \$15, then you would have to take it off as revenue somewhere else because they would have to be paying \$15 anyway.

Senator Sinner: But, they won't be getting the other driver's license, so the other costs will come off as well. This is just an estimate of how many people will get these enhanced licenses. We really have no idea. Two years from now we may be back to raise or lower these fees. We raised the fees on the Senate side because we wanted this to be revenue neutral to the Department of Transportation.

Chairman Dan Ruby: Are our fees similar to the other states that have this?

Senator Sinner: I have no idea. Maybe Glenn Jackson can address that.

Representative Chris Olson: Do you know what enhanced features the DHS currently would require for this type of driver's license?

Senator Sinner: I do not know, but I'm sure that Glenn Jackson will be able to answer that.

There was no further support for SB 2148.
There was no opposition to SB 2148.

29:35

Glenn Jackson, Director of the Driver's License Division, North Dakota Department of Transportation, spoke in a neutral capacity on SB 2148. He provided written testimony. See attachment #3.

33:00

Chairman Dan Ruby: Is the scanner that receives the signal from the card currently owned by the by the state, or is it owned by the federal government.

Glenn Jackson: It is a federal government border control scanner.

Chairman Dan Ruby: If we are in Washington State and have an enhanced license from North Dakota, can we cross the border there without any problems?

Glenn Jackson: Yes, you can.

Representative Chris Olson: Do we currently have data sharing agreements in place with the Department of Homeland Security for access to our driver's license data base?

Glenn Jackson: We do not. We do have agreements with DHS when we look at the SAVE system, it is where we go back and look at people that are allowed to be here, and the legal status they are in. We have a sharing of information for certain pieces of information, but not a general agreement that they can access our data base.

Representative Chris Olson: So, for this to function, would we need to create some form of data sharing agreement so they could access our data base through the DHS website? Their technology has to pull our data. Does this bill give you the authority, or do you already have the authority to create an agreement to give DHS access to all of the data required in this bill?

Glenn Jackson: If the bill passes, it authorizes us to implement the EDL process. The EDL process requires that individuals that get this license are enabling the border patrol and DHS to have access to their data to be able to verify their citizenship when they enter the country. Based upon this, we assume the authorization to establish an agreement with DHS for these individuals through the approval of the bill. Without that ability we could not provide an EDL. The process will be worked with DHS, so we know what exactly what they will have to have access to and what information they are going to verify. For the individuals that get this license, when they "ping" the system, they will have access to that individuals records. They will NOT have access to the data base, but only to the records of the individuals that have an EDL. It will be fire-walled; they don't have access to everything we have. This is only to verify identity.

Chairman Dan Ruby: Are you comfortable that since other states have this, that there are no issues with personal information being extracted?

Glenn Jackson: There haven't been issues. As far as the chip always giving a location, the chip is silent. It doesn't give out anything until it is pinged.

Chairman Dan Ruby: You have not heard of anything like the conspiracy theorists believe that they could use this to monitor where someone is at?

Glenn Jackson: No.

Chairman Dan Ruby: Are we similar to what other states charge for the EDL?

Glenn Jackson: Our regular driver's license is so far below the cost of any other state, that what we are charging for an EDL actually puts us in the mid-range of what other states are charging for a Class D license. It may be a high fee for us for this EDL, but it is not high in comparison to other states.

Representative Chris Olson: When the fiscal note was prepared, did you have any idea of what type of data base requirements and API requirements that you would need to be compliant with DHS? Do you have a road-map for that IT startup? Is that part of the \$625,000?

Glenn Jackson: Yes, it is. Our current vendor, (inaudible company), provides us with our digital driver's license system. They would be the vendor we would go to implement this. They are experienced with this process in three other states. It is a standard process, and they gave us the quote to be able to implement this process.

Representative Rick C. Becker: You indicated in testimony that there could be 21,400 licenses which is about 4%. That number comes up \$280,000 short compared to the fiscal note revenue. Is there additional revenue beyond what is coming from the licenses?

Glenn Jackson: No, there is not.

Representative Rick C. Becker: So, is it possible that the fiscal note shows revenues a bit over a quarter of a million dollars over what would actually true, if this number is what you are basing it on?

Glenn Jackson: I wasn't aware that there was a difference. I prepared the fiscal note, so if there is a variation, it was my math that messed it up.

Representative Rick C. Becker: Is the 4% based on what actually occurred in other states or what the other states anticipated?

Glenn Jackson: That is based on what actually occurred. They thought that there would be more. Washington State prepared for 20%, and it only turned out to be about 4%.

Representative Rick C. Becker: Did your office consider that we may not be able to extrapolate their number to our state because the increase in cost for the other states to go from regular to enhanced is a small percentage, versus our state in which the cost would be over a 500% more? It would seem to me that we are likely to have a far smaller number

of people who would pay that larger amount so they don't have to carry their passport to Canada.

Glenn Jackson: Yes, we did consider that. We **don't know** how many people will buy this. It is just a guess. We looked at different cost alternatives, so we could try to fully cover costs. We just don't know.

44:25

Discussion on the fiscal note and the options provided in testimony.

Representative Kathy Hawken: There is the business aspect of this card, but then there is the tourism aspect of this card as well. Many North Dakotans go to Florida and other places where this could be used. I think that if they do a little PR on this, it is a nice piece to have. There are many uses for this besides going back and forth across the Canadian border. I don't think the numbers are out of line.

Representative Robin Weisz: Your estimate is 21,400 the first year, but based on some of the numbers here, 4 FTEs at the best could process only 8,000. How will the other 13,400 get processed on the first year.

Glenn Jackson: To ramp up to have full staff to do 21,000 EDLs, we would need at least 10 FTE. Then if in the following year or two, we only look at 3,000 to 4,000 which would only require 2 FTE, we have 8 extra FTE now. If we can get that many, we could use them, but I don't think that would work. So, we can't estimate for one initial rush. We are trying to say that this is how many we can do, but that first year will squeeze over into the second and third year too. It is hard to know exactly how to play it.

Representative Robin Weisz: I understand that, but it does bring up some concern in the fiscal note that if we are doing 21,400 the first year and 3,500 to 4,500 going forward. If appropriations were kind enough to give you 4 FTEs, you really don't have any way to process 21,000 EDLs the first year without stealing from other areas, do you?

Glenn Jackson: No, we don't, so it would have to push out so that the revenue eventually would be less in the first biennium and more in the second biennium. It would wash out overall.

Representative Lois Delmore: Have you checked with the state of Minnesota about any issues that have come up with the EDL?

Glenn Jackson: We have talked to all of the states. The process seems to go fairly smoothly, the biggest issue is that everyone misses the projection up front. That is why we went with 4% because that is what we have seen.

Representative Lois Delmore: You are looking at adding 4 FTEs initially, but are you going to need those 4 FTEs forever? The numbers in the beginning are fairly high, but then they will be a lot lower. Is there going to be a time where the 4 FTEs could change into 2 and then to 1?

Glenn Jackson: For this program, if the need for FTE's diminishes, we could remove those FTEs through attrition. We wouldn't need all of them ongoing for this program.

Chairman Dan Ruby: If you have 25,000 people in the first biennium, every six years for D and every 4 years if they are B or A, you will have to reassess those and go through the same paper work every time, won't you, to verify the information is the same?

Glenn Jackson: The renewal process is not nearly as time consuming as the initial up front interview. We would just have to review for changes.

Representative Chris Olson: What rules are you referring to that would tell you what you have to do when reviewing for changes?

Glenn Jackson: In working with other states and their implementation and the rules of EDL that DHS has put out, the initial upfront citizenship verification that we go through will require an interview process, and all of the documents to be verified. When someone comes back in to renew the license, we will review the information if there are changes.

Representative Chris Olson: It sounds to me like this is a Department of Homeland Security identification card. That is the meat of this issue. It is built around doing whatever the DHS says, as far as the contents of the card, who the card is issued to, the rules upon which the card is issued, and the data base you maintain being linked to the DHS. Are you familiar with the Real ID Act of 2005, and could you explain how this bill would be furthering the provisions of that act?

Glenn Jackson: As an example in New York State, they are an EDL issuance state, but they are NOT Real ID compliant. Real ID and EDL are separate programs underneath the purview of DHS. Even what you can use the two cards for is different. What they gain access to is different. They are separate programs that are both managed under DHS.

Representative Chris Olson: Do you have the authority to enter into data sharing agreements for Department of Transportation with anyone for any reason? Is that basically something you can do without legislation?

Glenn Jackson: 39-33 provides us with guidance about who we can essentially share data with as far as the driving record is concerned. It basically goes to the Driver of Privacy and Protection Act (DPPA). It is in statue as to whom we can share information with. On the other side of the coin, in order to carry out statutory obligations we have the ability to enter into negotiations if necessary to comply with those statutory requirements.

Representative Chris Olson: The data sharing for 39-33 is for drivers' records history, but not necessarily the vital records that are contained within a data base. I'm just concerned that this bill doesn't necessarily give you the authority to enter into that data sharing agreement with DHS, since it is not spelled out in here anywhere.

Glenn Jackson: I believe that if the bill is approved, it is authorizing the department to implement the EDL policy for our citizens, and requires us to follow that process. That means that we have to work with DHS because it is a DHS program to provide this service.

I would interpret that to mean that if this bill is passed, that IS our authorization to take those steps to provide this service, which would require us to have an agreement with DHS to do that.

Representative Chris Olson: I think that we might want to amend that into the bill to make sure that it is very clear that you are given the authorization to create these data sharing agreements and to link your data base with the DHS.

Representative Chris Olson: I am also concerned about the satisfactory requirements or proof section. It doesn't spell out that that procedure be harmonized or standardized in any way with DHS's requirements. How does that interview process get defined?

Glenn Jackson: It goes back to the same response that I gave to your previous question. In order to implement this we have to work with DHS. We have to work with the EDL section at DHS in order to establish the agreements necessary for the data sharing for the access to the IT systems, in order for us to establish that we are going to comply with the process necessary for us to verify citizenship, so that we are achieving all the steps necessary to be qualified by DHS to issue the EDL license to someone, so that when they use it for border crossing, it has their stamp of approval. Approval of the bill authorizes us to take the steps necessary in order to achieve that goal.

Representative Chris Olson: So, when it says "satisfactory" it is satisfactory to whom, not to you but to DHS? I think that is something we need to add to make it clear exactly what this bill is doing.

Glenn Jackson: That is correct, it is their (DHS) procedures that we are going to comply with.

Representative Lois Delmore: Aren't there certain things that we have to comply with right now with our current driver's license and the Homeland Security? You can use it to board a plane to go anywhere in the United States.

Glenn Jackson: Currently, we have agreements with Social Security Administration, and DHS and others to verify certain pieces of information on each individual when we are going through our normal identity licensing process. Currently, you can fly with your driver's license which is approved through the Transportation Safety Administration.

There was no further neutral testimony on SB 2148.

The hearing was closed on SB 2148.

1:05:00

Representative Robin Weisz: Legislatively, if we pass the bill, we are giving the authority to enter into whatever arrangements are necessary to meet the DHS requirements for us to process an EDL. From that standpoint, I don't think it needs to be any clearer.

Representative Kathy Hawken: I understand that the information that you give for the EDL would be the same information that you give for a passport. I don't think that this is subversive. I think it is the wave of the future, and we will have some kind of electronic device at some point. We can do it now or later. This is really just an effort to help people be able to move within the modern world. I don't think anyone is trying to track us.

Representative Gary Paur: My impression is that the software provider has a package. If we pass the bill, they will spend the money to buy the package, and they will just integrate it with our system. The rest will probably be fairly automatic.

Representative Chris Olson: What is on your driver's license is machine readable data; it doesn't query a data base. In order for this to work, it must query the North Dakota data base through the DHS. So, the data required for entry into the United States would not actually be on the card, it will just be a number. So, the thing is what we would have to do to make this work is create a data sharing agreement with North Dakota's drivers' license data base with the DHS. That is the part that some people might think this IS subversive, and not something we want to do. If you want to go deeper, look at the Real ID Act of 2005. That is exactly what this bill is doing. It is enacting provisions of the Republican bill that was snuck in on a military spending bill and signed by President Bush. It is a de facto national ID card, with your state's logo here. Repetitive information.

Representative Robin Weisz: You could argue the language in Line 10-11 is maybe not quite accurate. One of the keys is that we ARE NOT accessing our data base. This is information that is available somewhere already. This is separate information. Nothing will be on the card. I had a lot to do with Real ID back in '03 and '05. This is NOT the same thing.

Chairman Dan Ruby: Would we want to add, "When requested by the license holder." Then it will just be the people requesting it.

Representative Robin Weisz: It maybe should say "the chip", so it is understood that the information is not on the license, it just gives it the ability to read the chip. This isn't something we are creating. It is already in place, and it is a federal program. This is what you have to do if you want an EDL.

Representative Kathy Hawken: The Sun Pass for the toll ways in Florida is similar but different. You can use it for the airport, and it will ding the card and let you pay the fee electronically. The technology piece of the recognition is the same. We freely gave that information, so it is not subversive.

Representative Rick C. Becker: My concern is that this bill is intended to make it more convenient for frequent travelers that are driving to Canada, so that they don't have to carry a passport with them. It does also address the Caribbean, but not if you are flying there. I would argue that the number will not be significantly greater because of that. I don't think that we can overestimate the significance of how people feel about a 533% increase in their fee in order to get this EDL. An increase in the fee is something that people are going to resist. Trying to make it more convenient for frequent travelers to Canada, we are doing this bill that may or may not create the need for 10 FTEs, but we are going to use 4, and we

will probably lose money later. We don't really know how we will handle it, so then we won't need them, so we will try to get rid of them through attrition, which actually won't happen. It seems like it is a big ol' long slide for nothing.

Misc. discussion and examples.

Chairman Dan Ruby: We know that people have concerns, so should we hold on to this and make some changes?

Representative Robin Weisz: We do need to look at the fiscal note and possibly address some of the issues.

Chairman Dan Ruby: If someone wants to propose amendments, have them prepared by next week.

2015 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

SB 2148
3/20/2015
#25207

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill relating to an enhanced operator's license.

Minutes:

Chairman Dan Ruby brought SB 2148 back before the committee. He reviewed the bill.

He discussed opposition from James Moyer that compares the enhanced driver's license with the Real ID requirements.

There are some people in the state that do want these enhanced driver's licenses.

The bill came in with a big fiscal note from the Department of Transportation because it was going to be implemented all at one time. They also brought in some alternative options to phase it in.

Representative Robin Weisz: The department was willing to work with some issues. There might be a possibility of working with one FTE and spread it out over 3 biennium. Then it could be paid for with the \$80 per license. Then it would be revenue neutral.

Representative Robin Weisz: If we amend the bill, we can state a maximum of \$4000 per biennium. That is all that they could handle. The language would change the fiscal note. I did ask them what would happen if they have 9,000 applications. They said it would be extra work to do, and there would be delays. They would get blamed for not taking care of the customers in a timely manner.

Representative Rick C. Becker moved a DO NOT PASS on SB 2148.
Representative Chris Olson seconded the motion.

Representative Rick C. Becker: The Real ID concerns aside, just the fiscal aspects of this bill so that a very select number of people in the state can carry something besides their passport, is a little ridiculous to me. The people can get a passport card to go to

Canada. It is cheaper and lasts longer than the EDL. I don't know why we would go through with this.

Representative Chris Olson: This is attempting to implement provisions of a law that was passed in 2005, which states have failed to adopt. Some states have a patchwork of compliance with the Real ID Act, and the EDL came later. But, lots of states don't have this. I think that the technology and other identification services that people want and use are changing rapidly. It would be a boondoggle to get involved with a ten year old idea.

My other concern is the way the bill is written. When I asked the bill sponsor where does this give authorization for the Department of Transportation to share data with the Department of Homeland Security to create the closed loop of authentication on the card and the authentication on the data base which is necessary. Glenn Jackson said that it doesn't expressly state that, but we will just assume that it is in there because you want us to do it. I don't want to pass a law that doesn't give them authority to do something.

Representative Lois Delmore: We have a significant number of people that would like this EDL for convenience. I don't understand why we wouldn't do it. They are willing to pay for it, and they use it effectively in Minnesota. I think the fiscal note could be fixed. I think appropriations would look into the number of employees. I am going to resist the DO NOT PASS.

Representative Gary Paur: I just question if we are a big enough state to go down this road. If we had more people it would probably be viable.

Rep. Mark Owens: My only objection to the bill is the RFID. If it is not secured properly, someone could use a simple reader to get the information off of your card. The rest I don't have a problem with.

Representative Chris Olson: Representative Lois Delmore, this EDL would not let you get into Canada; you would need it to get back into the United States.

Representative Lois Delmore: It is part of a convenience for some people. Not everyone wants to go through all the steps to get a passport. This is another tool that some people want to use, is what I am saying. I am not saying it is the fix all, but there are people that would like this!

Chairman Dan Ruby: I did ask about the compliance issues with Real ID of 2005. Some states have been taking baby steps with compliance as their legislatures see fit. Other states, like ours have tried to resist it as much as possible, mainly because of the National ID card concept. I asked if this will bring us closer to compliance with Real ID. I was told that the state Department of Transportation has used all of the small steps that they have been able to do that moves them in the direction of compliance, but not even close to being compliant. It is believed that they have hit the wall on what they can do without something much more substantive being done. They do believe that passing this bill would show the feds substantial movement in the right direction for Real ID. People that have that concern then may have a valid concern.

I do understand the convenience part of it. The other problem I had with the bill was on Line 1 - "for an additional fee of \$65.00 the director shall issue enhanced features on **ANY** operator's license." If this was going to go through, I would want that changed to **any individual that requests** the license. I wouldn't want them to have the ability to put the enhanced features on **ANY** license.

Rep. Mark Owens: I wanted to respond to Representative Lois Delmore. I appreciate your point about some people want a more convenient way to cross the border.

Representative Rick C. Becker withdrew his motion.

Representative Chris Olson withdrew the second.

Representative Rick C. Becker moved the amendment on **SB 2148**.

Rep. Mark Owens seconded the motion.

A voice vote was taken. The motion carried.

Representative Rick C. Becker moved a **DO NOT PASS** as amended on **SB 2148**.

Representative Chris Olson seconded the motion.

Chairman Dan Ruby: I will support the motion because I don't like moving towards that, and don't like that the Department of Transportation to have to go through the extra work. I don't feel that there are that many people that will want the EDL.

Representative Lois Delmore: This isn't the first time that we have dealt with this issue. It wasn't just handed down to Senator Mathern. We have had this discussion more than once.

A roll call vote was taken on SB 2148: Aye 8 Nay 4 Absent 2
The motion carried.

Representative Mike Schatz will carry **SB 2148**.

15.0068.02001
Title.03000

Adopted by the Transportation Committee

March 20, 2015

AD
3-20-15

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2148

Page 1, line 7, after "features" insert "upon request"

Renumber accordingly

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2148**

House Transportation Committee

Subcommittee

Amendment LC# or Description: 15,0068, 02001

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Representative Rick C. Becker Seconded By Rep. Mark Owens

Representatives	Yes	No	Representatives	Yes	No
Chairman Ruby			Rep. Delmore		
Vice Chairman Meier			Rep. Hanson		
Rep. Rick Becker			Rep. Nelson		
Rep. Frantzvog					
Rep. Hawken					
Rep. Olson					
Rep. Owens					
Rep. Paur			VOICE VOTE		
Rep. Schatz			MOTION CARRIED		
Rep. Sukut					
Rep. Weisz					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Add - upon request

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2148**

House Transportation Committee

Subcommittee

Amendment LC# or Description: 15.0068.02001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations

Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Rick C. Becker Seconded By Representative Chris Olson

Representatives	Yes	No	Representatives	Yes	No
Chairman Ruby	X		Rep. Delmore		X
Vice Chairman Meier	X		Rep. Hanson		X
Rep. Rick Becker	X		Rep. Nelson		X
Rep. Frantzvog	A				
Rep. Hawken	A				
Rep. Olson	X				
Rep. Owens	X				
Rep. Paur	X				
Rep. Schatz	X				
Rep. Sukut	X				
Rep. Weisz		X			

Total (Yes) 8 No 4

Absent 2

Floor Assignment Representative Mike Schatz

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2148, as engrossed: Transportation Committee (Rep. Ruby, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (8 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2148 was placed on the Sixth order on the calendar.

Page 1, line 7, after "features" insert "upon request"

Renumber accordingly

2015 TESTIMONY

SB 2148

Good morning Mr. Chairman and Committee Members,

I am Marie Strinden, Representative from District 18 in beautiful Grand Forks. I am here to introduce Senate Bill 2148 as Senator Mathern will be a few minutes late. Full disclosure- since I quickly whipped up my presentation, much of my testimony has been plagiarized from the Grand Forks Herald and from the Homeland Security website.

Grand Forks, Fargo, and many other areas of North Dakota already benefit from Canadian shoppers, who continue to pour across the border in great numbers. In contrast, comparatively few North Dakotans drive north. So, why should North Dakota create an enhanced driver's license or EDL to better enable northbound travel?

Because North Dakotans benefit from having Canada as a destination. And the more options that exist for easy getaways - including, for example, dashing north for an evening to catch a Winnipeg Jets NHL hockey game - the better life can be for everyone in the state.

Minnesota, Michigan, New York, Vermont and Washington already offer the option, and the program has worked well.

A bit more insight on state-issued enhanced drivers licenses (EDLs)- they proof of identity and U.S. citizenship, are issued in a secure process, and include technology that makes travel easier. They provide travelers with a low-cost, convenient alternative for entering the United States from Canada, Mexico or the Caribbean through a land or sea port of entry, in addition to serving as a permit to drive.

The Department of Homeland Security has been working with states to enhance their drivers licenses and identification documents to comply with travel rules under the Western Hemisphere Travel Initiative (WHTI), effective June 1, 2009.

Enhanced drivers licenses make it easier for U.S. citizens to cross the border into the United States because they include a vicinity Radio Frequency Identification (RFID) chip that will signal a secure system to pull up your biographic and biometric data for the CBP officer as you approach the border inspection booth, and a Machine Readable Zone (MRZ) or barcode that the CBP officer can read electronically if RFID isn't available.

The top 39 land ports of entry, which process more than 95 percent of land border crossings, are equipped with RFID technology that helps facilitate travel by individual presenting EDLs or one of the other RFID-enabled documents.

No personally identifiable information is stored on the card's RFID chip or can be transmitted electronically by the card. The card uses a unique identification number that links to information contained in a secure Department of Homeland Security database. This number does not contain any personally identifiable information.

When a citizen gets an enhanced drivers license, he or she also receives:

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information on how to use, carry and protect your license, and

a shielded sleeve that prevents anyone from reading your license.

Thank you for the opportunity to appear before your committee today, and I request favorable consideration for Senate Bill 2148. I am available for questions, but you may want to save technical questions for the experts.

Senate Transportation Committee

January 23, 2015

Senator Tim Mathern

Chairman Oehlke and Members of the Senate Transportation Committee

My name is Senator Tim Mathern. I am a Fargo resident here to introduce SB 2148. Passage of this bill makes it possible that North Dakota citizens have the option of applying for an enhanced driver's license as approved by the federal Homeland Security department.

Such a license, which would have a fee of \$45 over the fee of a regular license, would make it simpler for persons to cross our United States Canadian border. Documentation usually needed to prove citizenship or passports would be "loaded" into the driver's license technology so one "credit card like" item would be meeting the need.

I introduced this bill at the request of Fargo citizens who have tried to go to Canada only to have forgotten their citizenship documentation at home. They have learned that other states have such driver's licenses which meet the dual purpose of a regular driver's license and a border crossing document. Our citizens want to travel more freely as was the case before global terrorism. Technology can return us to that freedom. It is positive for commerce, tourism, and relationships between our countries.

Mr. Chairman and members of the committee I understand that this service costs money beyond the \$45. Never the less the movement of our state into modern times includes such enhancements which will have many other benefits than border crossing.

Thank you for your time of listening and deliberation. I ask for a Do Pass recommendation on SB 2148.

SENATE TRANSPORTATION COMMITTEE
~~March 15 2013, 9:30 AM, Lewis & Clark Room~~
January 23 2013
North Dakota Department of Transportation
Glenn Jackson, Director, Driver's License Division
SB2148

Mr. Chairman, members of the committee, I am Glenn Jackson, Director of the Driver's License Division at the North Dakota Department of Transportation (DOT). Thank you for giving me the opportunity to address you today.

SB2148 provides for an Enhanced Driver's License (EDL). This license can be used as a border crossing document when returning to the U.S. by land or sea from Canada and the Caribbean, as well as for flying within the U.S.

Based on performance of other border states who implemented EDL, we anticipate 4% of the licensed population to obtain an EDL initially. This equates to about \$21,400 in revenue the first year. Afterwards, we anticipate issuing about 3,500 to 4,500 per year.

With the EDL the DOT must prove the applicants citizenship, which means we will verify and scan documents including some form of identification allowed by the Department of Homeland Security (DHS), such as a passport, birth certificate, certificate of citizenship, certificate of naturalization, etc. In addition, to prove residency, we will request and scan some type of document like a utility bill or mortgage document that ties the individual to a physical address.

There are several items that increase costs for this license.

- The initial startup costs center on the need to build the IT program that allows Customs and Border Patrol access to the driving record and photo, which is automatically pinged when an individual approaches the border and the RFID chip is activated by their scanner.
- Cost of production includes the requirement to manufacture the licenses at an out of state location and mail them to licensees.
- The application process requires a full interview of the applicant which is required by DHS. This process could take up to half an hour to complete. Based upon the need to gather, confirm and process this application, additional staff will be needed to meet these demands while continuing to provide the current level of service. Our cost model is based on a request for four additional FTE's to be added at the following driver's license locations in Minot, Grand Forks, Fargo and Bismarck, to process these requests. We envision establishing an appointment process for this type of license.

Mr. Chairman that concludes my testimony, I would be happy to answer any questions.

#1
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Cost Analysis Enhanced Driver's License

Assumption 1: The FTE (4) required to implement this project will be provided.

Assumption 2: All production costs will be covered by the fee.

The current license fee is \$15 per license issuance. The proposed fee levels reflect the additional amount, not including the current fee.

The three scenarios below reflect the current and two proposed fee levels. It is unknown how many consumers will NOT purchase the EDL as the cost increases. This raises the loss per card produced and may not yield enough revenue to pay for the cost.

\$45 – current bill, provides a total cost to consumer of \$60.

SB2148	FY16	FY17	2015-2017 Biennium	FY18	FY19	2017-2019 Biennium
Total Licensed Drivers	535000	545700	1080700	556614	567746	1124360
# Licenses Issued (4% of drivers first year, 3000 drivers annually thereafter)	21400	3500	24900	4000	4500	8500
Four additional FTE	-\$268,000	-\$268,000	-\$536,000	-\$268,000	-\$268,000	-\$536,000
Mailing cost (\$1.50 per license)	-\$32,100	-\$5,250	-\$37,350	-\$6,000	-\$6,750	-\$12,750
One Time startup fee	-\$625,000	\$0	-\$625,000	\$0	\$0	\$0
Cost per card (-28)	-\$599,200	-\$98,000	-\$697,200	-\$112,000	-\$126,000	-\$238,000
Sub-Total Cost	-\$1,524,300	-\$371,250	-\$1,895,550	-\$386,000	-\$400,750	-\$786,750
Fee per EDL	\$60	\$60		\$60	\$60	
Revenue Per EDL	\$1,284,000	\$210,000	\$1,494,000	\$240,000	\$270,000	\$510,000
Sub-Total Revenue	\$1,284,000	\$210,000	\$1,494,000	\$240,000	\$270,000	\$510,000
Total Loss/Gain	-\$240,300	-\$161,250	-\$401,550	-\$146,000	-\$130,750	-\$276,750

\$55 – proposed change, provides a total cost to consumer of \$70.

SB2148	FY16	FY17	2015-2017 Biennium	FY18	FY19	2017-2019 Biennium
Total Licensed Drivers	535000	545700	1080700	556614	567746	1124360
# Licenses Issued (4% of drivers first year, 3000 drivers annually thereafter)	21400	3500	24900	4000	4500	8500
Four additional FTE	-\$268,000	-\$268,000	-\$536,000	-\$268,000	-\$268,000	-\$536,000
Mailing cost (\$1.50 per license)	-\$32,100	-\$5,250	-\$37,350	-\$6,000	-\$6,750	-\$12,750
One Time startup fee	-\$625,000	\$0	-\$625,000	\$0	\$0	\$0
Cost per card (-28)	-\$599,200	-\$98,000	-\$697,200	-\$112,000	-\$126,000	-\$238,000
Sub-Total Cost	-\$1,524,300	-\$371,250	-\$1,895,550	-\$386,000	-\$400,750	-\$786,750
Fee per EDL	\$70	\$70		\$70	\$70	
Revenue Per EDL	\$1,498,000	\$245,000	\$1,743,000	\$280,000	\$315,000	\$595,000
Sub-Total Revenue	\$1,498,000	\$245,000	\$1,743,000	\$280,000	\$315,000	\$595,000
Total Loss/Gain	-\$26,300	-\$126,250	-\$152,550	-\$106,000	-\$85,750	-\$191,750

\$65 – proposed change, provides a total cost to consumer of \$80.

SB2148	FY16	FY17	2015-2017 Biennium	FY18	FY19	2017-2019 Biennium
Total Licensed Drivers	535000	545700	1080700	556614	567746	1124360
# Licenses Issued (4% of drivers first year, 3000 drivers annually thereafter)	21400	3500	24900	4000	4500	8500
Four additional FTE	-\$268,000	-\$268,000	-\$536,000	-\$268,000	-\$268,000	-\$536,000
Mailing cost (\$1.50 per license)	-\$32,100	-\$5,250	-\$37,350	-\$6,000	-\$6,750	-\$12,750
One Time startup fee	-\$625,000	\$0	-\$625,000	\$0	\$0	\$0
Cost per card (-28)	-\$599,200	-\$98,000	-\$697,200	-\$112,000	-\$126,000	-\$238,000
Sub-Total Cost	-\$1,524,300	-\$371,250	-\$1,895,550	-\$386,000	-\$400,750	-\$786,750
Fee per EDL	\$80	\$80		\$80	\$80	
Revenue Per EDL	\$1,712,000	\$280,000	\$1,992,000	\$320,000	\$360,000	\$680,000
Sub-Total Revenue	\$1,712,000	\$280,000	\$1,992,000	\$320,000	\$360,000	\$680,000
Total Loss/Gain	\$187,700	-\$91,250	\$96,450	-\$66,000	-\$40,750	-\$106,750

#2

2/05/15

**Interested Party Testimony for SB 2148 (relating to an enhanced operator's license)
submitted by James Moyer to the Senate Transportation Committee**

Chairman Oehlke and committee members:

My name is James Moyer, I am a specialist in driver's license security and privacy issues. I wanted to bring up some issues with SB 2148 as written.

The Federal Department of Homeland Security considers documents issued under the Enhanced License program to be REAL ID Act compliant. In 2007 the North Dakota legislature passed a concurrent resolution (SCR 4040) against the REAL ID Act. Appearances suggest that there is no interest for North Dakota to become compliant with the REAL ID Act.

However, the danger is that enacting this legislation would make North Dakota compliant with the REAL ID Act. That would be a reversal of resolution from 2007 and it would allow DHS to consider another state as being compliant, making it easier for DHS to argue that enough states are compliant to begin enforcing the main provision of the REAL ID Act, requiring compliant documents to fly on commercial aircraft.

That would mean that North Dakota citizens would be required to obtain an Enhanced License to fly, unless the legislature creates a separate, cheaper, REAL ID Act compliant document program.

It is not clear to me if merely amending the legislation declaring North Dakota's Enhanced License program to be non-compliant with the REAL ID Act would be sufficient. My suspicions are that the regulations state that a document which meets the Enhanced License criteria also simultaneously meet the REAL ID Act criteria.

Having said that, I don't believe this is a good idea generally. The photo ID identification model works poorly: the centralized ID document becomes a target for fraud (because it can do so much) and its persistent failures erode our privacy rights. Introducing a document which adds a citizenship identifier further compounds these security and privacy problems. In other words, the proposal takes the fraud problems of the passport and mates them to the fraud problems of the North Dakota driver's license.

I should also mention that the electronic chip which allows for remote readability is a security and privacy nightmare all onto itself. It works at 30 feet and allows anyone with the off-the-shelf equipment to read it. It opens the door for a variety of clever forms of identity theft.

SB2148

3-6-15

1

House Transportation Committee

March 6, 2015

Senator Tim Mathern

Mr. Chairman and Members of the House Transportation Committee

My name is Senator Tim Mathern. I am a Fargo resident here to introduce SB 2148. Passage of this bill makes it possible that North Dakota citizens have the option of applying for an enhanced driver's license as approved by the ND Department of Transportation and federal Homeland Security department.

Such a license, which would have a fee of \$65 over the fee of a regular license, would make it simpler for persons to cross our United States Canadian border. Documentation usually needed to prove citizenship or having a passport would be "entered" into the driver's license technology so one drivers license item would be meeting the need of proper documentation.

I introduced this bill at the request of Fargo citizens who have tried to go to Canada only to have forgotten their citizenship documentation at home. They have learned that other states have such driver's licenses which meet the dual purpose of a regular driver's license and a border crossing document. Our citizens want to travel more freely as was the case before global terrorism. Technology can return us to that freedom. It is positive for commerce, tourism, and relationships between our countries.

Mr. Chairman and members of the committee I understand that this service costs money beyond a regular driver's license therefore a fee is attached for those who avail themselves of this service. Never the less the movement of our state into modern times includes such enhancements which will have many other benefits than border crossing in the years ahead.

Thank you for your time of listening and deliberation. I ask for a Do Pass recommendation on SB 2148.

SB 2148
3-6-15
#2

2015 - SB 2148

Enhanced Driver's License

Mr. Chairman and members of the House Transportation Committee,

I am George Sinner, Senator from District 46 in Fargo. I am a member of the Senate Transportation Committee and carried this bill on the floor of the Senate after doing some research on EDLs. I am here to advocate for the bill and give further explanation about how enhanced drivers licenses work.

Senate bill 2148 provides that the Driver's License Division of the North Dakota DOT shall provide North Dakota licensed drivers with the option of purchasing an "enhanced" driver's license. The bill was amended to try to ensure that providing EDLs would not have a fiscal impact on the department.

Enhanced driver's license technology allows the holder of the EDL to provide passport and other required personal information to be stored electronically on the Homeland Security secure website. The holders of the EDLs may then be exempt from providing the actual documents as they travel back into the United States from Canada and certain other countries. These licenses contain a special Radio Frequency ID chip that provides an ID # that allows access to the secure homeland security website by authorized users with proper credentials.

Once the driver enters the "Machine Readable Zone", the Customs and Border Patrol agents are able to access a specific account number that is assigned to the holder of the EDL and that gives the Border agents further access to the driver's biographic and biometric data necessary for the agents to allow passage of the EDL holder back into the United States.

The 63rd Assembly heard a similar bill that fell short of the needed support because there were unanswered security questions. The sponsor gave examples

of how this would benefit farmers and business owners who regularly traverse the international border regularly to conduct business.

The driver's license division of the DOT remained neutral on the bill but said they have received requests for EDLs. There was no opposition to the bill and both the Senate Appropriations & Transportation Committees and now it is before you for consideration. I ask that you give this bill a do-pass recommendation to help commerce in North Dakota.

SB2148
3-6-15
#3

HOUSE TRANSPORTATION COMMITTEE
March 6, 2015; 9:30 AM, Ft. Totten Room

1 of 3

North Dakota Department of Transportation
Glenn Jackson, Director, Driver's License Division
SB2148

Mr. Chairman, members of the committee, I am Glenn Jackson, Director of the Driver's License Division at the North Dakota Department of Transportation (DOT). Thank you for giving me the opportunity to address you today.

SB2148 provides for an Enhanced Driver's License (EDL). This license can be used as a border crossing document when returning to the U.S. by land or sea from Canada and the Caribbean, as well as for flying within the U.S.

Based on performance of other border states who implemented EDL, we anticipate 4% of the licensed population to obtain an EDL initially. This equates to about 21,400 licenses the first year. Afterwards, we anticipate issuing about 3,500 to 4,500 per year.

With the EDL the DOT must prove the applicants citizenship, which means we will verify and scan documents including some form of identification allowed by the Department of Homeland Security (DHS), such as a passport, birth certificate, certificate of citizenship, certificate of naturalization, etc. In addition, to prove residency, we will request and scan some type of document like a utility bill or mortgage document that ties the individual to a physical address.

There are several items that increase costs for this license.

- The initial startup costs center on the need to build the IT program that allows Customs and Border Patrol access to the driving record and photo, which is automatically pinged when an individual approaches the border and the RFID chip is activated by their scanner.
- Cost of production includes the requirement to manufacture the licenses at an out of state location and mail them to licensees.
- The application process requires a full interview of the applicant which is required by DHS. This process could take up to half an hour to complete. Based upon the need to gather, confirm and process this application, additional staff will be needed to meet these demands while continuing to provide the current level of service.

Our cost model is based on a request for four additional FTE's to be added at the driver's license locations in Minot, Grand Forks, Fargo and Bismarck. We envision establishing an appointment process for this type of license. This would shift the actual numbers of possible licenses issued to 8,000 per year, based on the time to complete the processing (30 minutes) X the number of FTE to accomplish the task (4).

Alternatively, we could provide this service on a more limited basis, for example one FTE in Bismarck, to reduce costs. This would not support a large number of residents seeking the license quickly, but could provide EDL license availability as we gauge the actual demand. Perhaps, should the demand be high, additional resources could be targeted for this program in future biennium's. I have attached an example of the altered cost structure should the committee decide to choose an alternative staffing model.

In any case, it is critical we receive additional FTE support for this project, if it is approved. The examiner staff is currently performing at maximum capacity. An additional process such as an EDL process will require significant time, and without the additional staff our service delivery will be significantly and negatively impacted.

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Mr. Chairman that concludes my testimony, I would be happy to answer any questions.

SB2148	FY16	FY17	2015-2017 Biennium	FY18	FY19	2017-2019 Biennium
Total Licensed Drivers	535000	545700	1080700	556614	567746	1124360
# Licenses Issued (30 minutes per * 8 * 250 = 2000 per FTE)	2000	2000	4000	2000	2000	4000
One additional FTE	-\$67,000	-\$67,000	-\$134,000	-\$67,000	-\$67,000	-\$134,000
Mailing cost (\$1.50 per license)	-\$3,000	-\$3,000	-\$6,000	-\$3,000	-\$3,000	-\$6,000
One Time startup fee	-\$625,000	\$0	-\$625,000	\$0	\$0	\$0
Cost per card (-28)	-\$56,000	-\$56,000	-\$112,000	-\$56,000	-\$56,000	-\$112,000
Sub-Total Cost	-\$751,000	-\$126,000	-\$877,000	-\$126,000	-\$126,000	-\$252,000
Fee per EDL	\$80	\$80		\$80	\$80	
Revenue Per EDL	\$160,000	\$160,000	\$320,000	\$160,000	\$160,000	\$320,000
Sub-Total Revenue	\$160,000	\$160,000	\$320,000	\$160,000	\$160,000	\$320,000
Total Loss/Gain	-\$591,000	\$34,000	-\$557,000	\$34,000	\$34,000	\$68,000

SB2148	FY16	FY17	2015-2017 Biennium	FY18	FY19	2017-2019 Biennium
Total Licensed Drivers	535000	545700	1080700	556614	567746	1124360
# Licenses Issued (30 minutes per * 8 * 250 = 2000 per FTE)	4000	4000	8000	4000	4000	8000
Two additional FTE	-\$134,000	-\$134,000	-\$268,000	-\$134,000	-\$134,000	-\$268,000
Mailing cost (\$1.50 per license)	-\$6,000	-\$6,000	-\$12,000	-\$6,000	-\$6,000	-\$12,000
One Time startup fee	-\$625,000	\$0	-\$625,000	\$0	\$0	\$0
Cost per card (-28)	-\$112,000	-\$112,000	-\$224,000	-\$112,000	-\$112,000	-\$224,000
Sub-Total Cost	-\$877,000	-\$252,000	-\$1,129,000	-\$252,000	-\$252,000	-\$504,000
Fee per EDL	\$80	\$80		\$80	\$80	
Revenue Per EDL	\$320,000	\$320,000	\$640,000	\$320,000	\$320,000	\$640,000
Sub-Total Revenue	\$320,000	\$320,000	\$640,000	\$320,000	\$320,000	\$640,000
Total Loss/Gain	-\$557,000	\$68,000	-\$489,000	\$68,000	\$68,000	\$136,000