

MINUTES OF THE HOUSE COMMITTEE ON VETERANS, MILITARY AND HOMELAND
SECURITY

The meeting was called to order by Chairman Don Myers at 1:30 P.M. on February 14, 2007 in Room 241-N of the Capitol.

All members were present except:
Representative Bob Bethell- excused

Committee staff present:
Art Griggs, Revisor of Statutes Office
Athena Andaya, Kansas Legislative Research
Heather O'Hara, Kansas Legislative Research
Betty Caruthers, Committee Assistant

Conferees appearing before the committee:
Secretary Joan Wagon, Secretary of Revenue
Carmen Alldritt, Director, Division of Vehicles

Others attending:
See attached list.

Chairman Myers called the meeting to order and opened hearings on **HB 2390 - REAL ID; drivers' licenses and identification cards.**

Chairman Myers recognized Secretary Wagon for testimony as a proponent on the bill who in turn requested that Carmen Alldritt present testimony followed by them both standing for questions from the Committee.

Chairman Myers recognized Carmen Alldritt for testimony as a proponent. (Attachment 1) The importance of a drivers' license or identification card these days was stressed with the Department of Revenue having the tremendous job of developing processes with regards to issuance, security, and fraud prevention with these documents. With the exception of some sections of this bill, a number of items actually mirror what the federal requirements of the REAL ID Act look like. A big intent of this bill is to assist in fraud prevention and protection of individual identifications.

Chairman Myers pointed out the written only testimony received from Melinda Lewis, Director of Policy Advocacy and Research, El Centro, Inc. in opposition to the bill. (Attachment 2)

Chairman Myers asked about someone who cannot provide a valid social security number that they must provide evidence from the social security administration as to their ineligibility. Carmen stated that they may need to change that in this bill. Questions were asked regarding the date that the bill would take effect which was 3/1/08. Carmen noted that they could request an extension if need be for the REAL ID requirements to be in place. They see this as a "readiness" bill. They cannot enact certain new things of the driver's license laws until after the REAL ID Act goes into effect March 1, 2008. There was mention of changing the date of this bill and it going into effect July 1, 2007 due to statute books.

Representative Goyle expressed concerns about how Kansas cannot move forward on their own since the whole point of REAL ID is a network between states and Federally mandated. He was concerned about putting something in place now which may be harder to change later. There were a number of concerns noted around New Sec. 1. (f) which deals with disclosing information and not knowing what this will look like in the REAL ID Act. Secretary Wagon made mention of the possibility of pulling this section out of the bill and Representative Goico asked about the possibility of making this section a new bill.

Secretary Wagon stated that there are parts of the bill which need to get going now and other parts which they could wait on. She offered to bring to the Committee tomorrow a list of what they are currently doing and a list of things they cannot do now in order to help visualize what needs to go into effect now and where concerns are.

Representative Goico requested the possibility of a balloon with no reference to REAL ID.

CONTINUATION SHEET

MINUTES OF THE House Committee on Veterans, Military and Homeland Security at 1:30 P.M. on February 14, 2007 in Room 241-N of the Capitol.

Chairman Myers stated that the Committee would work the bill tomorrow and requested the above noted lists be brought to the Committee at that time as well as balloons. The Secretary stated they would also bring information regarding a fiscal note if the bill only dealt with what is necessary at the present time.

Chairman Myers announced that tomorrow the Committee would work **HB 2210** followed by **HB 2390**.

Chairman Myers adjourned meeting at 2:45.

Next meeting is scheduled for Thursday, February 15, 2007.

KANSAS

DEPARTMENT OF REVENUE

*Kathleen Sebelius, Governor
Joan Wagnon, Secretary*

www.ksrevenue.org

TO: Chairman Don Myers,
Members of the House Veterans, Military and
Homeland Security Committee

FROM: Carmen Alldritt, Director, Division of Vehicles
Joan Wagnon, Secretary of Revenue

DATE: February 14, 2007

SUBJECT: House Bill 2390

A few short years ago a Driver's License (DL) was just that, a license to drive. Today a DL or Identification Card (ID) is the most important identity document a person can have in their possession. Therefore, it has become paramount for the Dept. of Revenue to develop, maintain, and enhance the policies, procedures, and processes used to ensure that the DL/ID documents that we issue, meet existing standards and that the measures are in place for the department to proactively prevent the fraudulent acquisition and use of those documents.

Whether or not the Real ID Act becomes a reality or is re-structured in some way has yet to be determined. What we do know is that the Kansas Department of Revenue (KDOR) takes the job of issuing and maintaining driver information very seriously. We already have a number of processes in place which we feel provide for a secure issue process and for security in the DL/ID document itself.

New Sections 1 and 2 of HB 2390 address public policy to deal with investigative and enforcement authority surrounding issuance of DL/ID. The provisions in this bill would enhance current processes and allow the Secretary of Revenue to further investigate and aid in the prosecution of those found to be involved in the fraudulent uses of DL/ID's.

As you know we went to a central issue DL/ID process approximately 2 years ago. At that time tools became available which have enhanced our ability to detect fraud. With those systems in place and the fraudulent document training our Driver License Examiners receive, we've become more savvy at detecting and tracking fraudulent activities.

Application for a DL or ID has become the first step in having the ability to open a bank account, fly, cash a check or apply for any number of government programs. As the issuing agent, KDOR's responsibility has grown in importance to ensure the issuance of a secure license document, issued only to the appropriate person, and is issued from a secure environment. The department is being asked to ensure the DL/ID applicant is, indeed, who they say they are. Among the requirements, applicants must provide the state with proof of identity, date of birth, address of principal residence, a social security number and evidence of lawful presence in the U.S.

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House Committee on Veterans, Military
and Homeland Security
2/14/07
Attachment 1

To help accomplish this task, and to enhance fraud prevention, HB 2390 addresses a number of items such as:

- Establishment of fraudulent document recognition training programs for employees engaged in DL/ID issuance.
- Ensure physical security of DL/ID document materials and the issue site.
- Facilitate the investigation of suspected fraudulent activity with regard to obtaining a Kansas DL/ID, vehicle title and registration fraud, or violations of licensure of vehicle sales and manufacturing statutes.
- Copies of original documents presented by an applicant will be retained by KDOR for a minimum of 10 years.
- Any increases in the costs associated with the production of a DL/ID would be passed to the applicant.

Please note, with the exception of Sections 1 and 2, this bill mirrors federal requirements of the REAL ID Act, as well as standardizing terms so that all states speak the same language.

Documented lawful presence is the integrity of our DL/ID system and the breeder documents presented by an applicant must be authentic. We have been gathering data since the first of the year regarding lawful presence and residence, and have found that approximately 30% of those turned away in large metropolitan areas was due to lack of proper documentation specifically related to lawful presence and proof of residency.

Currently the demand for legitimate Kansas DL/ID is at an all time high. With this demand comes the big business of supplying breeder documents to individuals desiring to enter the system through acquiring a DL/ID. One of the most important features of this bill would allow a data share between state agencies for the purpose of establishing/verifying an individual's identity. For example, electronic verification of birth and death records and digital photo exchange.

The most important thing to think about is the intent of this bill. There are individuals who, for whatever their motives, are intent on defrauding the system. KDOR is the agency entrusted to keep accurate records, and has worked diligently to maintain the integrity of our personal identities and that of our identification documents.

In summary, the Dept. of Revenue has taken a number of steps to provide Kansans with the most secure DL/ID documents currently produced in the U.S. To ensure the validity of those documents, to enhance current fraud prevention measures, and to provide for the authority to investigate suspected fraudulent activities, the department requests your support of HB2390.

February 13, 2007

Chairman Don Myers and Honorable Members of the House Committee on Veterans, Military, and Homeland Security,

Thank you for the opportunity to share concerns about HB2390. I recognize that this is an attempt to bring Kansas into compliance with the requirements of the REAL ID Act, at least to the greatest extent to which they can currently be understood. It is our position, however, that given the ongoing uncertainty about the REAL ID Act, it is unwise for Kansas to push forward with HB2390. We still have not seen final regulations on precisely how to comply with REAL ID, and such rules are unlikely until at least May. Most state activity around the REAL ID Act to date has focused on resolutions expressing concern with the immense cost and related burdens of the legislation, rather than the steps urged in HB2390. We continue to share the specific concerns outlined below with our Congressional delegation, and we urge caution as you consider this implementing legislation.

Data Security/Privacy

The Division of Motor Vehicles here requests permission to share Kansans' personal data with other states and entities. Privacy groups around the country have raised considerable alarm at the likelihood that such linked data could be compromised, leading to serious problems with identity theft. An additional threat is the requirement that driver's licenses contain the applicant's physical address, without exceptions for those for whom this would create serious problems, including victims of stalking/domestic violence, law enforcement, and members of the judiciary.

Costs to Applicants and Barriers to Licensing

HB2390 acknowledges that the costs of driver's licenses are likely to rise substantially, but, again, given the absence of specificity that regulations would provide, a precise cost cannot be calculated. Some estimates are that licenses could increase to as much as \$60 each depending upon the type of material, a cost that HB2390 would authorize the DMV to pass directly on to applicants. An additional barrier for some eligible applicants is the requirement of a Social Security Number or documentation from the Social Security Administration. There are many lawfully-present individuals who do not have a Social Security Number. The SSA does not provide proof that these individuals are not eligible for a SSN, and so HB2390, perhaps inadvertently, would deny lawfully-present individuals a license. HB2390 also does not include exceptions for religious minorities whose beliefs prohibit them from being photographed.

Costs to Kansas

The verification of documents required under HB2390 will be prohibitively expensive. Verifying birth certificates, for example, will require laborious hand searches, phone calls to offices of vital statistics all around the country, and other time-intensive checks. The costs in additional staff, data storage, and processing time are likely to be substantial. Again, it must be asked why the state of Kansas wants to assume these costs prematurely. Additional training will carry significant costs, particularly related to the issuance of licenses for different periods for individuals with various legal, nonimmigrant visas, as DMV personnel will need sophisticated knowledge about immigration statuses in order to accurately determine who is eligible and for what period of license. Additional costs are expected, also, to capture facial images of all applicants, not just those who receive licenses, and to increase data storage capacity and make necessary improvements to the physical security of licensing centers.

Burdens to Kansas Citizens

The time required to verify foundation documents will significantly increase the waiting time for a license, especially in cases where the individual was born outside of Kansas, or when those who have moved to Kansas have difficulty proving that they have terminated their license from another state (especially given the likelihood that that other state will not be REAL ID-compliant yet). Also causing delays will be the component of HB2390 that would require all driver's license holders to return to exchange their license for a "REAL ID" by May 1, 2008, rather than upon the expiration of their license. This will, obviously, create much longer lines at the DMV and cause considerable frustration, especially in cases where individuals will have to travel relatively long distances to reach a licensing center and among Kansans who have difficulty leaving work to wait to apply for a license.

Kansas is not responsible for the costly, burdensome, and unwieldy mess that is REAL ID. Certainly the Department of Revenue is not to blame for the problems that will stem from Kansas' compliance with this federal mandate. This recognition does not minimize, however, the concerns reflected above nor change our belief that Kansas' energies on the REAL ID Act can be best spent expressing our frustration to Congress, where there is momentum to relieve some of the pressures on states, rather than charging ahead with a very flawed policy.

Most sincerely,

Melinda Lewis
Director of Policy Advocacy and Research, El Centro, Inc.