



**House  
Legislative  
Analysis  
Section**

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**DIGITIZED DRIVER'S LICENSE,  
STATE ID CARD**

**House Bill 4285 as enrolled  
Public Act 205 of 1996  
Sponsor: Rep. Jan Dolan**

**House Bill 4541 as enrolled  
Public Act 204 of 1996  
Sponsor: Rep. Nick Ciaramitaro**

**Second Analysis (7-12-96)  
House Committee: Transportation  
Senate Committee: Government Operations**

***THE APPARENT PROBLEM:***

The Michigan Vehicle Code and Public Act 222 of 1972 authorize the secretary of state to provide for the design and issuance of the official state driver's license and personal identification card, which at present contain certain identifying information about the licensee or card holder such as his or her birthdate, height, weight, address, and photograph. The secretary of state reports that it processes approximately two million license and state ID card applications each year. The camera and photo processing system has been in use since 1965.

It has been pointed out that technological developments have dramatically altered the production of driver's licenses in many states. The secretary of state reports that, since 1990, 21 states have established, and eight states are in the process of bidding for or implementing, automated computer systems that capture and store digitized images and signatures. Further, some suggest that driver's licenses and ID cards could contain magnetic stripes on which vital information could be placed. Current provisions in the vehicle code and Public Act 222 of 1972, however, do not allow for the new technology to be utilized. Legislation has been proposed that would authorize the secretary of state to use the new systems to provide for design and development of new driver's licenses and state ID cards.

***THE CONTENT OF THE BILLS:***

House Bill 4285 would amend the Michigan Vehicle Code (MCL 257.307 and 257.310) and House Bill 4541 would amend Public Act 222 of 1972 (MCL 28.292) to authorize the secretary of state to provide for the redesign of the official driver's license and state personal ID card,

where a person's "image" (rather than a photo) would be stored electronically and could be reproduced for use on the license or card.

The bills specify that, until January 1, 2002, a service fee of \$1 would be added to each fee collected for an original, renewal, duplicate, or corrected driver's license or personal ID card. Under House Bill 4285, revenue from the \$1 surcharge on the driver's license would be "used to defray the [secretary of state's] expenses." House Bill 4541, however, would require the Department of Treasury to deposit revenue from the \$1 surcharge on the ID card into the general fund, from which the legislature would appropriate fees credited to the fund to the secretary of state for administering the bill's provisions. However, both bills specifically would prohibit appropriations from the Michigan Transportation Fund from being used to compensate the secretary of state for costs incurred and services performed in implementing the bills' provisions.

The secretary of state could retain and use a person's image only for programs administered by the secretary of state and, except for this purpose, could not use the image unless written permission was granted by the applicant or specific legislation was enacted permitting the use. However, law enforcement agencies would have access to any information retained by the secretary of state on the license or ID card, and could use it for any law enforcement purpose allowed by law. Current law now allows the secretary of state to issue a renewal license/ID card for an additional four-year period by mail; the bills would permit this to be done "by other methods prescribed by the secretary of state."

House Bill 4285 and 4541 (7-12-96)

The bills specify the driver's license and state personal ID card could contain an identifier for voter registration purposes. Also, information could be stored in electronic or machine readable codes needed to conduct a transaction with the secretary of state, and the license or ID card would have to identify encoded information. This would include the person's driver's license or ID card number, birth date, license/card expiration date, and other information necessary for use with electronic devices, machine readers, or automatic teller machines. The digitized license/ID card, however, could not contain a person's name, address, driving record, or other personal identifier, nor could it contain a fingerprint or finger image of the card-holder.

The bills would take effect January 1, 1997, and neither could take effect unless both were enacted.

### ***FISCAL IMPLICATIONS:***

The House Fiscal Agency says the bills would, until January 1, 2002, generate approximately \$2 million in additional annual revenue for the Department of State from a \$1 service fee that would be added to the cost of each original, renewal, duplicate, or corrected driver's license or state ID card. Currently, the department spends about \$760,000 annually to administer the driver's license and ID card programs, which is generated from a surcharge on both driver's licenses and ID cards. Thus, under the bills the department could spend approximately \$2.7 million annually, until 2002, to implement their provisions. The agency estimates the department's costs to implement the bills would be approximately \$5 million the first year, \$3 million the second year, and \$1.7 million for each year thereafter. (7-12-96)

### ***ARGUMENTS:***

#### ***For:***

Developing a new system that would allow information contained on the driver's license and state ID card to be stored and retrieved electronically would have numerous advantages over the present one. For example, at present the secretary of state takes a photograph of a person who applies for a license or ID card (or to renew one) and places the photo on the license or ID card. But if the license/card is then lost or mutilated beyond recognition, the individual must apply for a new one in person at a secretary of state branch office and have a new picture taken. This is both inconvenient for the licensee/card-holder and time-consuming for the department.

Conversely, the system envisioned by the secretary of state would allow the person to apply for a new license or ID card by phone or at an electronic "kiosk" where all the information needed to produce a new one, including the

person's "image," could be retrieved electronically. Also, digital imaging would allow the secretary of state to process transactions more efficiently by eliminating paper forms and inventory. A redesigned license/ID card would contain a "magnetic strip" or bar code similar to those used on credit cards or bank cards which would allow its holder to simply slide the license/ID card through electronic card readers used by many retailers so that accurate identification could be made more quickly than is possible now. Such a license/ID card also would enable police officers or financial institutions to make quicker and more accurate checks of persons as the image used would be clearer than the photo image used on the current license/ID card. The secretary of state also plans to use a format similar to that used in other states where the licenses/ID cards issued to minors could be easily distinguished from those issued for older persons--perhaps by placing a minor's image on the right side and all others on the left side of the license/ID card--which would make it more difficult for minors to buy alcohol illegally. Finally, the secretary of state would like to include voter registration data on the new license/ID card. At least 20 states already use a digital imaging system for their driver's license and personal ID card, and many others are in the process of adopting one.

#### ***For:***

The bills would authorize the secretary of state to impose an additional \$1 service fee on an original or renewal driver's license or personal ID card, and would sunset this fee on January 1, 2002. The fee would generate an estimated \$2 million in additional revenue to defray the department's costs to implement the bills, which the House Fiscal Agency estimates would be about \$5 million the first year, \$3 million the second year, and \$1.7 million for each year after that. Under both bills, the department would begin to recoup its costs about three years after their effective date, and then would slowly build up a surplus each year until the year 2002 when the fee would sunset. Although estimates suggest the department would face a shortfall in revenue compared to its costs after 2002, the department has indicated that it could realize additional cost savings due to efficiencies under a digitized license/ID card system. Nonetheless, the legislature could decide prior to the fee sunset whether the department's costs for the program would justify extending the sunset.

#### ***Against:***

The technology allowed under the bills, particularly the use of a magnetic stripe readable only by machine, could contain personal information about licensees and cardholders that would infringe on their privacy rights. While the bills would limit this sort of information from appearing on a license/card, once information such as that

permitted in the bills was allowed on them, future legislation could eliminate any or all limitations.

***Response:***

The bills specifically would limit the type of information that could appear on a license or ID card, as the law now does with current licenses and cards. Moreover, if the legislature wanted to allow information of a personal nature to be included on current licenses/cards, it could pass a bill to do so; but since it has not, it can be assumed the bills pose no greater threat to individuals' privacy rights than now exists.

Analyst: T. Iversen

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.