

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**CORRECTED  
FISCAL NOTE**

**SB 1934 - HB 1426**

March 26, 2010

**SUMMARY OF BILL:** Directs the Department of Safety (DOS) not to implement the provisions of REAL ID and to report to the Governor any attempt by agencies or agents of the United States Department of Homeland Security to secure the implementation of REAL ID through the operations of that division and department.

**ESTIMATED FISCAL IMPACT:**

On March 25, 2009, we issued a corrected fiscal note for this bill indicating a *cost avoidance of state expenditures exceeding \$30,000,000 over time* and a *potential loss of federal funds exceeding \$1,000,000 over the life of the REAL ID project*. Based on new information received from the Department of Safety on March 25, 2010, the fiscal impact of this bill is estimated as follows:

**(CORRECTED)**

**State Expenditures – Cost Avoidance – \$5,070,000/One-Time  
\$1,226,000/Recurring**

**Other Fiscal Impact – A potential loss of federal funds for the implementation of REAL ID exceeding \$1,000,000 over time.**

Assumptions:

- According to DOS, the Department received a \$694,000 grant from the U.S. Department of Homeland Security in 2008; \$833,717 in 2009; and has an additional grant application pending for \$950,000, to be used for implementing the provisions of REAL ID. If this bill passes, DOS may have to return any federal funding already received pursuant to REAL ID. However, it is more likely that future grants made to the Department would be reduced by similar amounts.
- DOS indicates that failure to comply with the provisions of REAL ID will put the state into non-compliance with federal law and may result in subsequent federal funding for implementation of REAL ID being withheld in the future.

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- The extent of federal funding that would be jeopardized is unknown and dependent upon multiple unknown factors. However, such decrease is reasonably estimated to exceed \$1,000,000 over the life of the project.
- DOS estimates one-time state expenditures of \$5,070,000 and recurring state expenditures of \$1,226,000 to implement the provisions of REAL ID. Given this bill directs DOS to not implement the provisions of REAL ID, these costs would be avoided in the future.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

/rnc