

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1874 - SB 1638**

March 24, 2011

**SUMMARY OF BILL:** Prohibits the Department of Safety (DOS) from implementing the federal REAL ID Act of 2005. Requires the Commissioner of DOS to report to the Governor, any attempt to secure, through DOS, the implementation of the REAL ID Act by the U.S. Department of Homeland Security.

**ESTIMATED FISCAL IMPACT:**

**State Expenditures – Cost Avoidance – \$4,500,000/One-Time  
\$1,200,000/Recurring**

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

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 \$800,677 in 2010. 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 being withheld in the future for implementation of REAL ID.
- 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 \$4,500,000 and recurring state expenditures of \$1,200,000 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.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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