

Safeguarding the Roads: Granting Driver's License Access to All Floridians

Alexis Davis November 2019

Executive Summary

For most people, getting a driver's license is a rite of passage. It signals freedom and independence — for teens to working people to seniors. It is one of the first questions on a standard job application: *Do you have a reliable means of transportation*? This is especially necessary in a sprawling state like Florida, where a lack of strong public transportation virtually mandates having a driver's license and personal vehicle.

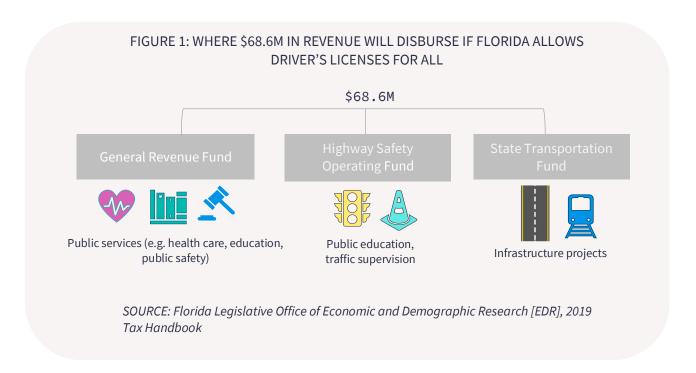
Yet presently, Florida's restrictive driver's license law is putting communities at risk — and hampering critical revenue gains — by forcing the 685,000 undocumented immigrants who are of driving age¹ to navigate the state's increasingly-congested roads without licenses. Until a more straightforward and affordable path to citizenship is implemented federally, Florida can act right now to further policies for immigrants who are already here, working, studying and otherwise contributing to our communities. One such policy that 14 states, the District of Columbia and Puerto Rico² have advanced is allowing driver's licenses for all, including immigrants who are undocumented.

At a time when Florida is anticipating a large revenue shortfall³, inclusive policies that also generate state funds are more crucial than ever. Expanding driver's license eligibility to include all Floridians — regardless of immigration status — would not only make immigrants' everyday lives easier and improve public safety, but it would result in an estimated \$68.6 million in state revenue within the first three years of implementation. This revenue projection is conservative, as the number of immigrants who are undocumented is largely underestimated and this report does not account for all revenue associated with new licenses and vehicle purchases, such as local sales surtaxes⁴ on vehicle purchases, fuel taxes and recurring fees.

Driver's Licenses for All Would Generate \$68.6 Million in New State Revenue

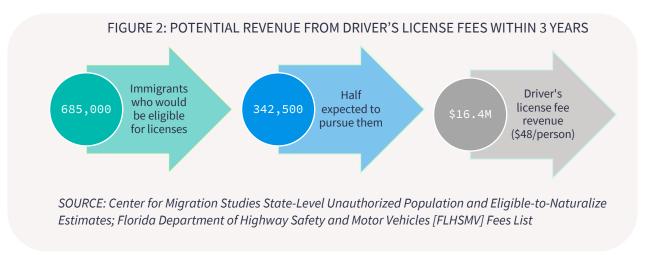
Implementing driver's licenses for all in Florida would generate approximately \$68.6 million in revenue for the state within the first three years. This figure is based on two projections: Driver's license fees and vehicle purchase fees/taxes (i.e. registration and title fees; sales and use tax). See the Methodology for detailed assumptions and calculations.

STATE REVENUE SOURCE	PROJECTED 3-YEAR REVENUE
Initial Class E Driver's License Fees	\$16,440,000
Initial Vehicle Registration Fees	\$19,265,625
Initial Vehicle Title Fees	\$5,993,750
Sales and Use Tax on Vehicles	\$26,936,489
Total	\$68,635,864



Driver's License Fee Revenue for the State: \$16.4 million

Based on an analysis of the take-up rates of driver's licenses⁵ in the states that allow driver's licenses for all, Florida Policy Institute (FPI) estimates that half of all newly eligible drivers would pursue a license within the first three years of this policy's implementation. Half of the estimated 685,000 driving-age immigrants who are undocumented in Florida means 342,500 new driver's licenses issued within a three-year period, for a total of \$16.4 million in driver's license fees.



The driver's license fee for new Class E drivers (i.e. non-commercial) in Florida is \$48.6 Driver's license fees, by definition, cover the cost of creating the license, with the profits deposited into both the General Revenue Fund and the Highway Safety Operating Trust Fund. General Revenue pays for public services all Floridians benefit from, like education and health care. The latter fund allows the Florida Department of Highway Safety and Motor Vehicles (FLHSMV) to keep the roads safe through public education and traffic supervision.8

Issuing these new licenses would require some added FLHSMV staff to prevent processing delays. When Illinois adopted this policy, for example, it hired 100 new employees⁹ to process similar numbers of new

driver's licenses as anticipated in Florida. While existing fees should allow for this, it would be wise to allocate FLHSMV funding ahead of time, so that the agency can prepare for the demand. To make sure licenses are easily accessible, the FLHSMV may also need to budget for translation/interpretation services and outreach to immigrant communities.

Car Purchase Revenue for the State: \$52.2 million

Newly licensed drivers will also spur the purchase of additional vehicles over time. A registered vehicle is required of anyone taking a driving test at their local FLHSMV office.¹⁰ FPI estimates that approximately 86,000 additional vehicles would be purchased, registered and titled within the first three years of this policy's implementation. This is based on the experience of other states that expanded driver's license eligibility, including a detailed analysis of vehicle ownership patterns in immigrant households.

While the State of Florida levies a wide array of fees and taxes when a driver purchases and registers a vehicle, this report focuses on three: Initial Registration Fees, Title Fees, and Sales and Use Tax. From one-time charges on additional vehicle purchases alone, Florida can expect upwards of \$52.2 million in new revenue. Millions more would be generated from local sales tax, fuel tax and renewal fees.

Sales tax is a major driver of Florida's funding, making up nearly 80 percent of the state General Revenue Fund. Florida charges a 6 percent sales tax on motor vehicle purchases, and FPI estimates that even this nominal increase in purchased vehicles would provide the state with \$26.9 million in revenue over a three-year period. This includes sales tax on all automotive purchases subject to the tax, such as vehicle purchases, leases and repairs.

Florida could also expect \$19.3 million and \$6 million in initial vehicle registration and title fees, respectively. As with driver's licenses, these fees support Florida's General Revenue and Highway Safety Operating Trust Funds. The remainder feeds into the State Transportation Fund, which finances the Department of Transportation and related infrastructure projects.¹²



Access to Driver's Licenses Leads to Better Job Opportunities for New License-Holders

Florida is one of five states that, collectively, are home to more than half of United States immigrants who are undocumented. Despite recent divisive policy actions taken toward these individuals and families, people who are undocumented continue to support the state in significant ways. Half of Florida's 766,000 undocumented immigrants have been here for at least a decade and the strong majority participate in the labor force, Paying nearly \$600 million in local and state taxes each year.

Driving is a necessity for most, as Florida has a mediocre public transit system¹⁶ and the average personal commute is 27 minutes longer than the national average.¹⁷ Presently, people must either take the risk of driving without a license or rely on rides from others. Both are stressful and hugely inconvenient for workers trying to make ends meet. Having to carpool may also prevent people who are undocumented from pursuing jobs with better working conditions or pay. It can also burden employers, as they have to rapidly adjust if their employees are unable to reliably report for work when scheduled.¹⁸

Enacting more inclusive driver's license policies would help pave the way to better jobs, which often come with better pay. This would not only allow workers to keep food on the table and a roof over their heads — it would infuse more money into the state as dollars are spent on goods and services subject to taxes. Conversely, there is evidence to suggest that immigrants consume less without a driver's license, as having one is required for certain purchases.¹⁹

Driver's Licenses for All Would Make Florida's Roads Safer

In addition to the fiscal benefits of adopting this policy, there are clear public safety benefits to doing so.

Because Florida is the third most-populous state²⁰ and continues to grow rapidly, road safety is paramount.

LORENA'S STORY (part 1 of 2)

Lorena is a young adult who has called Florida her home for the past 14 years. She immigrated from Peru as a young child with her older brother and parents. Lorena's parents were having a difficult time providing for the family and felt America would provide better-paying jobs and a brighter future for their two children. They had a close relative who was a U.S. citizen living in Florida, so they set their sights on the Sunshine State.

A brighter future is certainly what they found. Lorena now studies Political Science and Economics at Florida State University and her brother is in his final year of a Computer Science degree from University of Florida. She says they are some of "the lucky ones" who have been able to afford college through a combination of part-time work, scholarships, and a Florida policy that allows recipients of the federal Deferred Action for Childhood Arrivals (DACA) program to pay in-state tuition.

Lorena's parents work in roles that benefit their community; her mother cleans people's homes and her father helps repair and maintain homes and businesses. Because they are not legally authorized to live here, neither can currently obtain a driver's license under Florida law. This has made their daily lives needlessly difficult and stressful. "Over the years I have noticed that people who have always had a license sometimes don't understand how hard it really is for those that don't have one and all the hoops and obstacles you have to jump through in order to be able to drive in a way that best protects you and your family," Lorena laments. "We're still normal people after all who have to make ends meet."

• More people would be tested and trained to drive safely. Longitudinal state research shows that unlicensed drivers are more hazardous than licensed drivers and even those driving with revoked or suspended licenses. ²¹ Anyone who shares Florida's roadways needs a strong understanding of proper driving techniques and traffic rules so that everyone can travel safely and efficiently. People who are currently driving unlicensed may have been trained to drive in their birth country and/or have not gotten the opportunity to learn Florida-specific rules of the road. In some cases, people were simply taught to drive by friends or family once they arrived, without having trained professionals to provide guidance and evaluation.

Currently, to be licensed in Florida, individuals must submit to a driving test, have their vision and hearing screened, learn common traffic rules and signs, and demonstrate an understanding of the relationship between alcohol and other drugs and impaired driving.²²

There would be fewer accidents and hit-andruns. A recent law school study determined that states who allow driver's licenses for immigrants who are undocumented average fewer traffic-related fatalities than states that restrict access.²³ Preliminary data also shows that licensed drivers may be less likely to flee the scene of an accident. California, for instance, granted driver's licenses to all residents in 2015 — including more than 1 million who are undocumented — and has seen a 10 percent decrease in hit-and-runs and millions saved in related expenses.²⁴ In Connecticut, who implemented a similar law that same year, cities where the highest number of driver's licenses were issued to immigrants who are undocumented reported a 15 percent decrease in hit-and-runs.²⁵

LORENA'S STORY (part 2 of 2)

Lorena's mother is dependent on Florida's bus system, so after a long day of physically demanding work, she has to wait at stops that offer little protection from the Florida sun, often not arriving home to rest and spend time with her family until several hours after her shift ended.

Lorena's father, on the other hand, did learn how to drive back in Peru. Since childhood, Lorena was acutely aware that immigrants like her father could be disproportionately targeted by police, pulled over, and detained or deported, a stark reality for all communities of color. If her father drives without a license, these fears are more likely to be realized. Though she herself is now licensed through the DACA Program, Lorena has become hypervigilant: "Every time you see a cop on the road you instantly get scared."

Lorena's parents would much rather become licensed and rest easy when they're doing everyday things many of us take for granted, like commuting to work, running errands or visiting their children. As Lorena puts it, "Having a driver's license is a total game changer. Having it would dramatically change the life of my family and so many others just like us."

Immigration advocates throughout Florida have been pushing for driver's licenses for those who are undocumented for many years. Diverse groups have supported the notion, including some business leaders, legislators, nonprofits, faith communities, labor organizations, and law enforcement officials.²⁶

With Florida elected officials again planning to introduce driver's license legislation during the 2020 session, it is imperative that immigrants and their advocates' longtime concerns over confidentiality be taken seriously. The primary assurance immigrants and their advocates need is that driver's license information will not be shared with federal officials for immigration enforcement (i.e. U.S. Immigration and Customs Enforcement [ICE], U.S. Customs and Border Protection [CBP]). This is especially relevant in the wake of Florida's recent "sanctuary cities ban" law that compels local and state entities to cooperate with federal ICE officials, which may include law enforcement officers detaining individuals on behalf of the agency.²⁷

Evidence from other states lends credence to these apprehensions. Washington, Vermont, and Utah who now allow immigrants who are undocumented to have driving privileges, were found to have shared photographs and other information with ICE, both knowingly and unknowingly.²⁸ There are precautions Florida can take to avoid similar issues, like prohibiting the FLHSMV from running facial recognition software at federal agencies' request or mandating a court order or judicial warrant before allowing photo sharing within automated data systems. Protecting individuals' social security numbers (or ineligibility for one), as well as their immigration status are examples of statutory changes other states have made that Florida can model.²⁹

Policy Recommendation

Florida should join 14 other states, the District of Columbia and Puerto Rico in granting driver's licenses to all driving-age residents, regardless of immigration status. Immigrant Floridians are friends, neighbors, business owners and employees. Until a better path to citizenship is created, state legislators can make the commonsense choice to enact more inclusive policies around testing and licensing. Doing so would generate millions in vital state revenue, promote safe communities and highways, and position Florida as a state that values the shared prosperity of all its residents.

Methodology

Number of new driver's licenses issued

FPI's projection is that half of Florida immigrants who are undocumented aged 16 and up (estimated by the Center for Migration Studies) will pursue driver's licenses within the first three years of this policy being implemented. This assumption — a 50% take-up rate — is based on the experience of other states who have passed similar laws. The highest reported take-up rate among the states that have expanded driver's license eligibility to include immigrants who are undocumented over a three-year period has been 47%, in Illinois. However, as an analysis by New York's Fiscal Policy Institute³⁰ concludes, this percentage is likely driven down by the large concentration of immigrants residing in Chicago, which has a strong public transportation network and thus reduces the need for driver's licenses. Florida, overall, lacks strong public transportation, so FPI estimates the take-up rate to be slightly higher than in Illinois. Thus, this analysis uses New York State's estimate of a 50% take-up rate.

Because this take-up rate was applied, breaking out immigrants who are currently eligible for licenses under the Deferred Action for Childhood Arrivals (DACA) Program was not necessary. However, it should be noted

that the true number of new driver's licenses issued may be slightly smaller when accounting for DACA recipients, who represent around 33,000 Floridians.³¹

Number of new cars purchased

To determine the number of new cars that might be purchased with the addition of new driver's licenses, FPI incorporated an analysis by New York's Fiscal Policy Institute that compared vehicle ownership rates in two types of immigrant households (based on Center for Migration studies microdata) — those with at least one adult who is undocumented and those without any adults who are undocumented.³² The assumption is that those households without adults who are undocumented are already free to pursue licenses and vehicles, so once adults who are undocumented are eligible to do the same, their vehicle ownership patterns will become similar.

As with driver's licenses, FPI assumes a vehicle take-up rate of 50 percent, narrowing the difference in vehicle ownership rates between the two immigrant households by half. Multiplying the difference between immigrant households' vehicle ownership (.25) times the number of driving-age immigrants who are undocumented (685,000) and then by half to reflect the 50% take-up rate leads to the projection of 85,625 new vehicles.

Differential in Vehicle Ownership Among	Undocumented Florida	Estimated Take-	Projected Additional
Documented and Undocumented	Immigrants Aged 16+	Up Rate of	Vehicles Within 3
Immigrant Households		Vehicles	Years
0.25	685,000	50%	85,625

Registration and Title Fee estimates

Once the number of new vehicles was estimated, estimated revenue could be determined by multiplying this figure (85,625) by the initial title (\$70) and registration (\$225) fees listed in the *2019 Florida Tax Handbook*. Specialty registrations and renewals were not included in the estimate.

Fee Type	Fee Amount	Potential Revenue Generated from 85,625 Added Vehicles Over 3 Years
Initial Vehicle Registration	\$225	\$19,265,625
Initial Vehicle Title	\$70	\$5,993,750

Sales and Use Tax estimate

Because sales and use tax is applied as a percentage versus a flat fee like registration and titles, a different approach had to be taken to estimate subsequent vehicle tax revenue. There is no straightforward way to identify the number of vehicles purchased that were subject to sales and use tax or the average personal vehicle sale price in any given year, so a proportion had to be applied to generate an estimate. According to the Florida Department of Revenue (DOR)'s Office of Tax Research (personal communication, September 13, 2019), there is no existing means of determining the sales tax revenue that is generated solely from vehicle sales because some automotive dealers also provide repairs, which is not delineated on sales tax receipts.

As such, FPI determined the percent change between existing vehicle ownership in Florida and the additional number of vehicles estimated in this report. That proportion was then applied to the most recent automobile sales tax revenues to produce an estimate of additional sales tax that would result from the additional vehicles purchased.

Existing vehicle ownership (14,748,880) was determined via FLHSMV 2018-19 registration data.³³ Existing automotive sales tax revenue (\$4,639,801,939) was determined via FL DOR 2018 sales tax receipts for taxes related to automotive sales.³⁴ Both data sets represent the most recent complete year of data.

FY 2018 Vehicle Registrations	Projected Additional Vehicles Within 3 Years	Percent (%) Change in Vehicles
14,748,880	85,625	0.58%
FY 2018 Automotive Sales and	Potential Sales and Use Tax	
Use Tax Revenue	Revenue Generated from 0.58%	
	Vehicle Change	
\$4,639,801,939	\$26,936,489	

¹ Center <u>for Migration Studies. (2017).</u> State-Level Unauthorized Population and Eligible-to-Naturalize Estimates. Retrieved from http://data.cmsny.org/state.html

² National Immigration Law Center. (2019). *State Laws Providing Access to Driver's Licenses or Cards, Regardless of Immigration Status*. Retrieved from https://www.nilc.org/issues/drivers-licenses/state-laws-providing-dl-access/

³ Florida Legislative Office of Economic and Demographic Research [EDR]. (2019, August 14). *Executive Summary: Revenue Estimating Conference for the General Revenue Fund & Financial Outlook Statement*. Retrieved from http://edr.state.fl.us/Content/conferences/generalrevenue/grsummary.pdf

⁴ Florida Department of Revenue. (2017). *Sales and Use Tax on Motor Vehicles*. Retrieved from https://floridarevenue.com/Forms library/current/gt800030.pdf

⁵ Kallick, D. D., & Roldan, C. Fiscal Policy Institute. (2017). *Take-Up Rate for Driver's Licenses: When Unauthorized Immigrants Can Get a License, How Many Do?* Retrieved from http://fiscalpolicy.org/wp-content/uploads/2017/01/FPI-Brief-on-Driver-Licenses-2017.pdf

⁶ Florida Department of Highway Safety and Motor Vehicles [FLHSMV]. (2019). Fees. Retrieved from https://www.flhsmv.gov/fees/

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⁸ Florida Senate. (2014). *Intensive Budget Review, Department of Highway Safety and Motor Vehicles Base Budget Review*. Retrieved from http://www.flsenate.gov/UserContent/Topics/IntensiveBudgetReview/ATD/DHSMVBaseBudget.pdf

⁹ The Pew Charitable Trusts. (2015). *Deciding Who Drives: State Choices Surrounding Unauthorized Immigrants and Driver's Licenses*. Retrieved from https://www.pewtrusts.org/~/media/assets/2015/08/deciding-who-drives.pdf

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¹¹ Florida Policy Institute. (2019). *Citizen's Guide to the Florida Budget*. Retrieved from https://uploads-ssl.webflow.com/5cd5801dfdf7e5927800fb7f/5d662345b072646569c3fc21_FPI_Guide_to_FL_budget_2019-20.pdf

 $^{^{12} \} Florida \ Legislative \ Office \ of \ Economic \ and \ Demographic \ Research \ [EDR]. \ (2019). \ 2019 \ Tax \ Handbook. \ Retrieved \ from \\ \underline{http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2019.pdf}$

¹³ Passel, J. S. & Cohn, D. Pew Research Center. (2019). *Mexicans Decline to Less Than Half the U.S. Unauthorized Immigrant Population for the First Time*. Retrieved from https://www.pewresearch.org/fact-tank/2019/06/12/us-unauthorized-immigrant-population-2017/

¹⁴ Center <u>for Migration Studies. (2017).</u> State-Level Unauthorized Population and Eligible-to-Naturalize Estimates. Retrieved from http://data.cmsny.org/state.html

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¹⁶ American Society of Civil Engineers. (2017). *2016 Florida Infrastructure Report Card*. Retrieved from https://www.infrastructurereportcard.org/state-item/florida/

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