

Date of Hearing: March 11, 2019

**ASSEMBLY COMMITTEE ON TRANSPORTATION**

Jim Frazier, Chair

AB 21 (Obernolte) – As Amended February 26, 2018

**SUBJECT:** Driver's licenses: veteran designation

**SUMMARY:** Removes the one-time \$5 fee to a person applying for a driver's license or identification card with a veteran designation after July 1, 2020.

**EXISTING LAW:**

- 1) Requires the Department of Veterans Affairs (DMV) to develop a verification form in consultation with the Department of Motor Vehicles and the California Association of County Veteran's Service Officers (CVSOs). A CVSO verifies a person's veteran status and signs the verification form, and DMV then accepts the signed verification form as proof of an applicant's veteran status.
- 2) Upon payment of a fee and verification of an applicant's veteran status, requires DMV to print the word "veteran" on the face of a driver's license or identification card.
- 3) Requires DMV to charge a one-time additional fee of \$5 to a person applying for a driver's license or identification card with a veteran designation and authorizes DMV to increase the fee to not more than \$15 to cover its reasonable costs.
- 4) Prohibits DMV from charging a fee for an original or replacement identification card to a person who can verify his or her status as a homeless person or homeless child or youth.
- 5) Prohibits DMV from charging a fee for an original or replacement identification card to a person who can verify that they meet eligibility requirements for certain public assistance programs, as specified.
- 6) Requires the DMV to charge an applicant \$34 for the issuance or renewal of a driver's license.

**FISCAL EFFECT:** Unknown

**COMMENTS:** In 2014, Governor Brown signed AB 935 (Frazier), Chapter 644, Statutes of 2014, requiring DMV to issue driver's licenses and identification cards with a veteran designation to eligible applicants, beginning November 2015. The purpose of the designation was intended to give veterans an efficient means of proving their eligibility for benefits and discounts instead of carrying their discharge papers, the DD-214, on their persons at all times. It further provided incentive for veterans to visit their CVSO, who could in turn help them determine what, if any, benefits they may be eligible for. At the time, the San Diego Union Tribune found that California veterans may be losing out on \$400 million in federal benefits.

The original goals of the program are coming to fruition. California is currently home to 1.7 million veterans. As of December 31, 2018, 106,852 veterans have opted to have the veteran designation on their license (up from 62,140 in 2017). According to the Department of Veteran Affairs, 35,261 veterans applied for benefits as a result of their visit with a CVSO to get the

paperwork necessary for the designation (up from 18,000 in 2017). Those veterans are now receiving nearly \$74 million in annual benefits (up from \$31 million in 2017). In addition, nearly \$40 million in benefits have been awarded retroactively (up from \$17 million in 2017).

In order to pay for the costs of administering the veteran designation program, DMV charges a one-time \$5 fee. This fee is currently waived for veterans who are either homeless or meet income eligibility requirements for public assistance programs like CalWORKS, Medi-Cal and CalFresh.

The Riverside Sheriff's Association, writing in support, argues "As you know, many veterans in our state do not have the ability to pay for such public recognition. AB 21 seeks to assist these veterans by removing the financial barriers which may prevent them from being recognized for their service to our state and nation."

According to the author, "Veterans have made significant sacrifices to serve our country and have earned the distinction of a "veteran" designation on their identification – a distinction they should not have to pay for."

Last year, Governor Brown vetoed a nearly identical bill along with a series of bills that would have imposed additional costs to DMV. The veto message read:

Reducing wait times in field offices and addressing the urgent needs of customers is the top priority. The programming required to implement these bills will delay the department's ability to fully modernize its aging information technology systems. While these bills may have merit, it would be prudent for the Legislature to pause on additional mandates while the department works to complete programming for prior legislative mandates and system upgrades designed to reduce transaction times and improve customer service.

*Committee comments:* Last year Governor Brown vetoed almost every bill that would have resulted in increased operational costs to DMV, including one identical to this one. The Legislative Analyst Office predicts the Motor Vehicle Account (MVA), which accounts for 95% of DMV funding, will become insolvent by 2021-2022.

Last year there was a noticeable uptick in wait times at DMV. As a result, DMV began reporting monthly numbers on wait times to the Joint Legislative Budget Committee. In the last week of July of 2018, DMV reported that the average wait time for non-appointment customers was two hours and ten minutes. The top 20 most impacted DMV field offices saw average wait times of three hours and 21 minutes.

DMV attributes much of the increase in wait times to compliance with the Federal REAL ID Act of 2005, which requires in-person verification for a state issued driver's license or identification cards in order for a person to fly domestically or enter a federal building. While individuals traditionally only have to renew their state issued driver's license in person once every 15 years, individuals who wish to fly domestically have between January 2018 and October 2020 to renew in person, regardless of when their driver's licenses expire.

DMV began to hire significantly more staff as a result of the increase in wait times. Between July 1, 2018 and December 31, 2018, DMV made 946 civil service appointments, 680 emergency hires, and hired 141 retired annuitants. DMV made several technological changes as

well, including allowing individuals to electronically fill out their information either online or while waiting for their appointment. These actions have sped up transactions.

By January, the statewide average wait time for those without an appointment dropped to 57 minutes and the top 20 offices saw an average wait time of 95 minutes. DMV has set a goal of reducing their average wait times to 45 minutes for those without an appointment, and 15 minutes for those with an appointment. So far DMV has not met that goal.

In addition, Governor Brown initiated an audit of DMV currently being conducted by the Department of Finance. Governor Newsom has indicated he will continue the audit, and announced on January 10, 2019 that a DMV Strike Team would be formed to look at reforms to DMV. These reforms are aimed at making DMV more customer friendly while also reducing wait times.

In light of Governor Newsom's reform efforts of DMV and the impending insolvency of the MVA, the Legislature may want to consider if now a good time to increase operational costs to DMV.

*Double referral:* This bill will be referred to the Assembly Veterans Affairs Committee should it pass out of this committee.

*Previous legislation:* AB 935 (Frazier), Chapter 644, Statutes of 2014, requires the DMV to offer a driver's license or identification card printed with the word "veteran" to an eligible applicant.

AB 363 (Quirk-Silva), Chapter 579, Statutes of 2017, prohibits the DMV from charging the one-time \$5 fee to a person applying for a driver's license or identification card with a veteran designation if the applicant is homeless or is determined to have a current income level that meets eligibility requirements for certain public assistance programs.

AB 1873 (Olberholte) of 2018, was nearly identical to this bill. The bill was vetoed by Governor Brown.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Peace Officers Research Association of California  
Riverside Sheriffs' Association

### **Opposition**

None on file

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