

Driving Together: Benefits of Allowing All New Yorkers to Apply for Licenses

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THIS YEAR, NEW YORK STATE GOVERNMENT IS FINALLY REVISITING the question of allowing all state residents, including undocumented immigrants, to apply for a driver's license. Until 2003, New York State allowed residents to apply for driver's licenses without regard to their immigration status. New York should follow the example of the 12 other states—plus Washington D.C. and Puerto Rico—that currently make it possible for all residents who pass the driver's test and meet other requirements to get a license.¹

There are clear benefits to allowing everyone to apply for a license:

- **Everyday tasks such as getting to work, shopping for groceries, or picking up kids from school will be vastly easier** for an estimated 265,000 people across New York State, including 64,000 people living north of New York City.
- **The roads are safer for everyone if all drivers are tested, licensed, and insured.** Having to pass a driving test can make people better drivers. And when everyone has a license, it reduces problems when traffic incidents occur.
- **When everyone can drive, it benefits employers and local economies.** Access to licenses would relieve a big challenge for the upstate farm industry. And across the state it would improve the job match between employers and employees, improving the local economy.
- **The proposal would more than pay for itself.** In New York, driver's license fees, by design, cover the cost of producing the license and even generate some revenue to public transit agencies. As more people buy cars, they would also pay more in gas tax and other taxes. State and local governments and transit authorities could expect **\$26 million in one-time revenue, and \$57 million in recurring annual revenue.** That would more than cover costs, even after investment in training and outreach.
- **New York auto insurance rates would go down by about \$17 per year** when more drivers are insured. That's not the reason to support this measure, but it's a nice side benefit to improving the lives of New York's immigrants: enough to buy a bouquet of flowers on Mother's Day!



265,000 More Licensed Drivers, including 64,000 North of NYC

Within three years of implementation, the Fiscal Policy Institute estimates that 265,000 of the 752,000 unauthorized immigrants over 16 years old in New York State would apply for and get a driver's license. That represents a modest two percent increase in the total number of people with licenses in New York State.

The majority of those licenses, 150,000, would go to people in New York City. Another 51,000 would go to people on Long Island. And 64,000 would go to people in upstate New York: 53,000 in the Hudson Valley and 11,000 in Northern and Western New York. Figure 1 also shows the number who would benefit in each upstate metro area.²

Revenues Would Easily Outweigh Costs

The Fiscal Policy Institute estimates \$57 million in combined government revenues that would recur annually, in addition to a \$26 million one-time boost in revenues as more people get licenses and buy cars.

One-time revenues would be generated by an estimated \$17 million in driver's licence fees, plus an additional \$2.2 million to the Metropolitan Transit Authority based on the surcharge paid by drivers in that region for licenses. In addition, an estimated 97,000 additional cars would be purchased if more people had licenses, a one percent increase in the number of cars in the state. That would generate \$7.3 million in additional one-time vehicle and license fees. (The number of added cars is projected by assuming that with licenses available the number of cars per adult in a household with unauthorized immigrants would match that of other immigrants, when also taking into account the household income.³)

Recurring revenue would come from \$28 million per year in car registration and

Projected Number of New Licenses

IN FOUR REGIONS OF NY STATE	
New York City	150,000
Long Island	51,000
North of NYC	64,000
Hudson Valley	53,000
Northern and Western New York	11,000
New York State Total	265,000
DETAIL ON UPSTATE METRO AREAS	
Albany	4,500
Binghamton	500
Buffalo	2,500
Rochester	3,000
Syracuse	1,000
Utica	1,000

FIG. 1 Fiscal Policy Institute analysis. See Endnote 2 for methodology.



related fees, sales taxes, and gas tax; this revenue would go to New York State. In addition, \$21 million per year in recurring revenues would go to the counties in the state, including \$12.4 million in New York City, \$2.6 million on Long Island, and \$3.1 million to counties in Northern and Western New York. These revenues are based on the county component of sales tax and vehicle use tax fees. The Metropolitan Transportation Authority would see recurring revenues of \$8.6 million per year from the surcharge on car registration, gas tax, and sales tax in New York City, Long Island, and the Lower Hudson Valley. Upstate transit authorities would see \$288,000 per year, from the surcharge on the gas tax in that region.

State and Local Government Revenues

	One-Time Revenue	Recurrent Annual Revenue
REVENUE TO STATE	\$24,000,000	\$28,000,000
Driver's License Fees	\$17,000,000	
Vehicle License & Title	\$7,300,000	
REVENUE TO COUNTIES		\$21,000,000
New York City		\$12,400,000
Long Island		\$2,600,000
Lower Hudson Valley		\$1,400,000
Mid- and Upper Hudson Valley		\$1,000,000
Northern and Western NY		\$3,100,000
REVENUE TO NYC MTA	\$2,200,000	\$8,600,000
REVENUE TO UPSTATE MTAs		\$288,000
Total	\$26,000,000	\$57,000,000

FIG. 2 Fiscal Policy Institute analysis. See Endnote 2 for methodology.

Payment of fees for licenses and registration are clearly new revenues, and gas is taxed at a higher rate than other goods so that spending on gas returns more revenue to the state than other spending. Sales taxes included here may represent in part a shift from spending on other taxable items to goods and services related to car ownership. However, the sales tax increase is added revenue to the extent that having a car and a license allows for higher wages or higher labor force participation.

In the context of the overall state budget these additional revenues are not large, but they are undoubtedly positive. The fiscal impact on counties and the public transit authorities would be similarly modest but clearly positive.

Additional Costs and Benefits

The cost of providing licenses to unauthorized immigrants should be offset by the fee the Department of Motor Vehicles charges for getting the license, generally \$64.25 per license, with some additional revenues going to the Metropolitan Transportation Authority from a surcharge in the relevant region.

Processing the added licenses would require some added staff at the Department of Motor Vehicles in order to process more licenses without adding to the wait time for processing. In Illinois, 100 new people were hired to service about the same number of license applicants

as anticipated in New York, and in California about 800 people were hired to process about three times the anticipated number of applicants in New York. While the fees from licenses should cover these costs, it would be appropriate to allocate the funding to the agency prior to the fee revenues coming in, so that it can staff up to accommodate anticipated demand.⁴

Other states have also invested in training, outreach, and translation and interpretation services to ensure that the licenses are not only available but also truly accessible. This would make sense in New York, and could add some to the cost of implementation.

In addition to the direct fiscal benefits outlined above, New York could expect the following additional benefits:

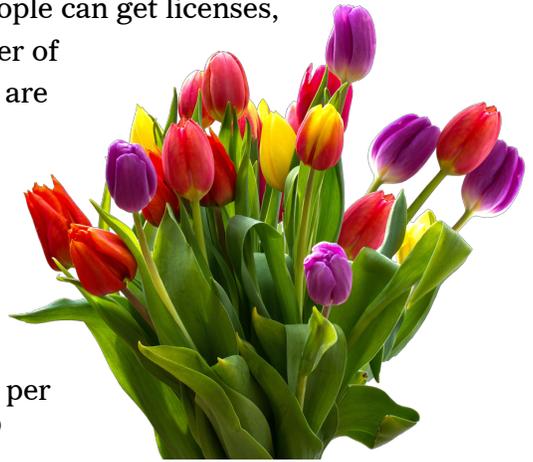
- **Improved Public Safety.** Our roads are safer when all drivers can be tested, licensed and insured. Research on the issue has shown that undocumented immigrants are particularly careful drivers today, but that they are safer drivers still in states that allow them to get driver's licenses.⁵ Numerous law enforcement agents have urged that unauthorized immigrants be allowed to have driver's licenses. As Ossining Police Chief Kevin Sylvester put it, "The idea is we can either raise the penalties or allow people to get licenses and from my perspective it's not only easier and efficient, but more effective to license people and allow us to make sure every driver on the roadway is subject to the same testing requirements that all the rest of our drivers are now."⁶ In Port Chester, Police Chief Richard Conway said: "When you take the politics out of this, the main consideration is safety. It's a great thing to assure that everyone on the road has passed a standardized process."⁷ Albany County Sheriff, Craig Apple, and Tompkins County Sheriff, Derek Osborne, both signed on to a letter sent to Governor Cuomo supporting driver's licenses for undocumented immigrants to promote increased public safety.⁸

- **Better Job Match and Modest Improvements to the Local Economy.** Being able to drive means being able to get to a wider range of job sites. When everyone can get to every available job, the local labor market will function more smoothly, with businesses and employees finding the best job match. In rural areas of New York, lack of driver's licenses for farm laborers, many of whom are undocumented, is a major issue for employers and employees alike. The impact for those who could get licenses would be substantial: it should result in less likelihood of being taken advantage of by employers when they have more possibility of moving jobs, better matching of their skills to the needs of employers, higher earnings, and correspondingly higher taxes paid.⁹ There would also be some modest overall local economic gain from the better match between employers and employees.

- **Reinforcing New York's Position as a State that Welcomes Immigrants and Benefits from Their Contributions.** Taking positive action on immigration, particularly in the current political climate, is also a way to send a message to businesses thinking about locating or

expanding in New York that the state values its diverse labor force and welcomes immigrant business owners, employees, customers, and residents.

- **A Modest Decrease in Insurance Costs.** When more people can get licenses, more drivers will have car insurance. Reducing the number of people driving without insurance is a major benefit if you are involved in a crash. It is also a benefit to people who currently pay for auto insurance, since states that have expanded eligibility for driver's licenses have also seen a reduction in insurance rates for everyone. One extensive study of the question found that on average states that allowed unauthorized immigrants to get driver's licenses saw a moderate but statistically significant savings of \$17 per year for all residents who hold an auto insurance policy.¹⁰



Auto insurance rates in the state could go down by an estimated \$17 per year. That's a modest change in cost, but enough to buy flowers on Mothers' Day.

- **Unanticipated Benefits.** Although increasing the number of organ donors was surely not the reason for implementing a change in policy, California's Department of Motor Vehicles saw an increase in the list of potential donors after it allowed unauthorized immigrants to have driver's licenses.¹¹ The scale of the increase in California is large enough that it seems almost certain that there are other factors at play. But having more people with driver's licenses almost surely also means more people on the list to be organ donors.

By David Dyssegaard Kallick and Cyierra Roldan

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The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared. FPI's Immigration Research Initiative looks at immigration issues in New York State, and around the country.

¹ Thirteen jurisdictions currently allow unauthorized immigrants to apply for a driver's license—the states of California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Maryland, Nevada, New Mexico, Utah, Vermont, Washington, as well as the District of Columbia and Puerto Rico. See the NILC web site for the most recent map of existing and pending state laws. <https://www.nilc.org/issues/drivers-licenses/drivers-licenses-map/>. Accessed on January 25, 2017.

² For methodology and data sources, see David Dyssegaard Kallick and Cyierra Roldan, "Expanding Access to Driver's Licenses," Fiscal Policy Institute, January 31, 2017. Data from this report are still the most recent available, since no more recent studies have estimated the number of unauthorized immigrants at this level of geographic detail. Estimated number of drivers in New York City accounts for the lower share of people in New York City with licenses.

³ See David Dyssegaard Kallick with Cyierra Roldan and Xiao Cheng, "Expanding Access to Driver's Licenses: How Many Additional Cars Might Be Purchased," Fiscal Policy Institute, January 31, 2017.

⁴ Estimates of added employees, as well as some other cost estimates, are included in "Deciding Who Drives," a report by the Pew Charitable Trusts, August 2015.

⁵ See, for example, J. Alejandro Tirado-Alcaraz, "Issuing Driver's Licenses to Undocumented Immigrants in Rhode Island," Latino Policy Institute at Roger Williams University, June 2016. In a regression analysis looking at states with different driver's license policies, the study finds: "when we compare traffic fatalities in all states, with and without restrictions for driver's license applicants, we found that larger percentages of undocumented immigrants are associated with lower traffic fatalities. What is even more revealing is that states that have allowed undocumented immigrants to apply for a driving document have on average less traffic fatalities than states requiring either documented legal presence or a valid SSN." (p. 21.) This supports both the notion that unauthorized immigrants may be particularly careful drivers, since they are concerned about interaction with law enforcement, and also the idea that they will be better drivers if they have a license.

⁶ "[Police Chief: Immigration Status Shouldn't Hinder Getting a NY Driver's License.](#)" November 27, 2018, News 12 Westchester.

⁷ See Gabriel Rom, "[Bill Would Let Undocumented Immigrants Get Driver Licenses.](#)" March 8, 2017, Lohud.

⁸ For the Albany County Sheriff Sign On Letter, see: <http://fiscalpolicy.org/wp-content/uploads/2019/02/Albany-Sheriff-NYIC-Sign-On-Letter.pdf>, and for the Albany County Sheriff Sign On Letter, see: <http://fiscalpolicy.org/wp-content/uploads/2019/02/NY-Immigration-Coalition-Letter-Tompkins-Sheriff.pdf> that were provided to FPI by the New York Immigration Coalition.

⁹ For an analysis that shows why removing barriers to unauthorized immigrants' labor force participation is good for local economies, see: "Three Ways Immigration Reform Would Make the Economy More Productive," Fiscal Policy Institute, November 2014.

¹⁰ Mauricio Cáceres and Kenneth P. Jameson, "The Effects on Insurance Costs of Restricting Undocumented Immigrants' Access to Driver Licenses," Southern Economic Journal, 2015, vol. 81, number 4.

¹¹ See Brenna Lyles, "Surge in Immigrant Driver's Licenses May Have Spurred More Organ Donors," Sacramento Bee, October 19, 2015.