



The Impact of Allowing All Immigrants Access to Driver's Licenses

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Providing driver's licenses to all immigrants makes Colorado roads safer and results in greater savings in automobile insurance premiums for all Colorado drivers. Licensed drivers become more knowledgeable about traffic and road laws, purchase insurance and register their vehicles.

Under current law, funding for a program that makes driver's licenses available to undocumented immigrants has to be reauthorized every year. The Colorado Fiscal Institute believes the economic and social benefits of providing driver's licenses to all immigrants far outweigh the administrative costs of the program.

Colorado's unlicensed immigrants facts

- Prior to the passage of the Colorado Road and Community Safety Act (SB 13-251) in 2013, 168,400 unlicensed immigrants were ineligible for driver's licenses in Colorado. Due to the reduction in the size of the program and lack of funding, many are still waiting to get their driver's licenses.
- An estimated 16.2 percent of all Coloradans are driving without insurance. However, unlike other uninsured motorists, unlicensed immigrant motorists lack insurance because they are unable to purchase any without a license in Colorado. These unlicensed immigrants make up about a quarter of all Colorado's uninsured motorists.
- Colorado drivers could see savings of \$29.5 million in insurance premiums every year when all immigrants are able to get driver's licenses and purchase car insurance.
- Insurance companies and the state could also experience increased revenue. In order to register a car, an individual must purchase insurance and can only do so with a license. Insurance companies could see increased revenue of \$113.1 million annually. In addition, many of these drivers will begin to register their vehicles, and new revenue for state and local governments could range from \$5.3 million to \$6.9 million.

Overall economic benefits of providing driver's licenses to all immigrants

Those with driver's licenses are more likely to work and spend, participating more broadly in Colorado's economy according to a 2011 study from the Oregon Department of Transportation.¹

- Lack of access to driver's licenses means that immigrants spend more time trying to get around and less time working and putting dollars back into the local economy. In fact, most are less likely to make purchases in general due to a lack of safe access to transportation.
- Licensed drivers are more likely to purchase larger items such as homes, vehicles or household appliances.

¹ Oregon Department of Transportation, Assessment of the Socioeconomic Impact of SB 1080 on Immigrant Groups, June 2011
http://www.oregon.gov/ODOT/TD/TP_RES/docs/reports/2011/sb1080.pdf

Other states had success enabling undocumented immigrants to receive licenses

- **New Mexico:** Since the state began issuing licenses in 2003, the rate of uninsured vehicles decreased almost 24 percentage points, from 33 percent in 2002 to 9.1 percent in 2011.² What's even more impressive is that alcohol-related crashes decreased 32 percent and traffic fatalities fell 23 percent.³
- **Utah:** The state began issuing licenses in 1999, and in 2005 began issuing Driving Privilege Cards. Of the 50,000 undocumented immigrant motorists in Utah, approximately 42,000 have Driving Privilege Cards (DPC).⁴ This caused Utah's uninsured motorist rate to drop from 28 percent to 8 percent. DPC holders have an insurance coverage rate of 75 percent.⁵

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² <http://www.abqjournal.com/main/2012/07/09/news/effects-on-insurance-unclear.html> (Note: there is some conflicting research from the Insurance Research Council) *see also*: "Effects on Insurance Unclear," Albuquerque Journal, July, 9, 2012, <http://www.abqjournal.com/main/2012/07/09/news/effects-on-insurance-unclear.html>;

³ University of New Mexico, Division of Government Research, <http://www.unm.edu/~dgrint/reports/annual/annrept02.pdf> and <http://www.unm.edu/~dgrint/reports/annual/ar2010-9-19-2012draft.pdf>.

⁴ Illinois Coalition for Immigrant and Refugee Rights, "Determining the impact of unlicensed immigrant motorists in Illinois," 2012

⁵ *Ibid*

Methodology

Estimated number of unlicensed immigrant drivers

The Pew Hispanic Center estimates that 180,000 undocumented immigrants (3.6 percent of the total population) live in Colorado in 2010.⁶ Since 2010, the economy in Colorado has seen steady improvement with unemployment levels returning to pre-Recession levels.⁷ As more jobs are created in industries such as the hospitality and construction, we assume that the undocumented immigrant population has also grown. Adjusting for the growth in Colorado's population, we estimate that 190,000 undocumented immigrants currently live in the state.

In order to estimate the number of undocumented immigrants that would be eligible and take advantage of driver's licenses, we assume that the majority of undocumented immigrants that would qualify for the program are between the ages of 16 and 75. The Colorado Department of Revenue estimates that in 2010, there were 3,638,374 licensed drivers.⁸ Adjusting for growth of the total population aged 16 and older, we estimate that there are 3,849,557 licensed drivers in Colorado in 2013.⁹

In addition, using data from the American Community Survey, we find that in 2013, 90.2 percent of noncitizen immigrants in Colorado were between the ages of 16 and 75. In comparison, only 73.3 percent of U.S. citizens (naturalized and native-born) are between the ages of 16 and 75. The age distribution of undocumented immigrants is different than in the U.S.-born population, with a smaller share of children and elderly than either the legal immigrant or the U.S.-born population.¹⁰ We use the noncitizen population as a proxy for undocumented immigrants. We also estimate that 98.3 percent of Coloradans between 16 and 75 currently hold a driver's license.¹¹ This analysis finds that approximately 168,400 undocumented immigrants would make use of the driver's license program.

190,000 undocumented immigrants

X 90.2% share of noncitizen immigrants in Colorado between 16 and 75

171,349 undocumented immigrants that would be eligible for a driver's license

3,916,770 total population 16-75 years of age

/ 3,849,557 total licensed drivers

98.28% share of those between 16 and 75 in Colorado with a driver's license

X 171,349 undocumented immigrants that would be eligible for a driver's license

168,402 undocumented immigrants that will get a license.

Estimated uninsured and insured vehicles in Colorado

⁶ Pew Hispanic Center, "Unauthorized Immigrant Population" February 1, 2011; <http://www.pewhispanic.org/files/reports/133.pdf>

⁷ Bureau of Labor Statistics, Colorado Economy at a Glance; <http://www.bls.gov/eag/eag.co.htm>

⁸ Colorado Department of Transportation, Transportation FactBook 2011; <https://www.codot.gov/topcontent/FactBook>

⁹ United States Census Bureau, American Community Survey 2013, 1 year estimates

¹⁰ Passel, Jeffrey S., and Cohn, D'Vera (2009) *A Portrait of Unauthorized Immigrants in the United States*. Washington DC: Pew Hispanic Center.

¹¹ Colorado Fiscal Institute analysis of ACS 2013 PUMS data

In order to estimate insurance savings we first estimate the total number of unlicensed drivers. The Insurance Research Council reports that 16.2 percent of Colorado drivers are uninsured, compared to 12.2 percent nationally.¹² This means that approximately 651,387 motorists are driving without insurance in Colorado. This figure includes those that are currently licensed but have not purchased insurance and unlicensed immigrants who are unable to purchase insurance. Of these drivers, 168,400 (or 25.9 percent) are uninsured vehicles driven by undocumented immigrants. It is important to note that the majority of uninsured drivers are those who have U.S. Citizenship or other lawful immigration status.

<p>3,849,557 drivers in Colorado</p> <p>+ 171,349 unlicensed immigrants</p> <p>X 16.2% share of uninsured vehicles</p> <p>-----</p> <p>651,387 uninsured drivers (3,225,929 insured drivers)</p>
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Accident and cost estimates

According to the Colorado Department of Transportation, Coloradans were involved in 431 fatal crashes, 9,578 injury causing crashes, and 97,599 crashes only resulting in property damage in 2013.¹³ The Insurance Research Council reported that in 2012 the average auto liability claim for bodily injury was \$14,653, and the average auto liability claim for property damage was \$3,073. The cost of accidents involving uninsured drivers is \$72.3 million annually.

<p>(431 fatal crashes + 9,578 injury) x 16.2%</p> <p>X \$14,653 average cost per claim</p> <p>-----</p> <p>\$23,759,224 cost of fatal and bodily injury crashes involving uninsured drivers</p> <p>97,599 only in property damage x 16.2%</p> <p>X \$3,073</p> <p>-----</p> <p>\$48,587,320 cost related to crashes resulting only in property damage</p> <p>Total cost: \$72,346,544 cost of accidents involving uninsured drivers</p> <p>\$19,027,141 cost of accidents involving uninsured, immigrant drivers</p>
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Estimated total cost to insured drivers

¹² The Insurance Research Council, "New Study Reveals a Declining Trend in the Percentage of Uninsured Motorists," August 5, 2014; http://www.insurance-research.org/sites/default/files/downloads/IRC%20UM_NewsRelease_1.pdf

¹³ Colorado Department of Transportation, Traffic and Safety, Traffic Data Unit on 3/11/2015.

A similar study conducted by Yale Law School, in conjunction with other prestigious immigration law programs across the country, found that every additional dollar increase in insurance payouts yields a \$1.55 increase in premiums.¹⁴ Providing unlicensed immigrants the opportunity to obtain driver’s licenses will result in fewer accidents as they become more familiar with road rules. Therefore, providing licenses and the ability to purchase insurance to these individuals could save all Colorado motorists \$33.6 million in premiums annually.

<p>\$72,346,544 total annual cost of accidents involving uninsured drivers</p> <p>X \$1.55 increase in premiums</p> <p>-----</p> <p>\$112,137,143 increase in premiums for Colorado drivers</p> <p>26.3% share of Unlicensed immigrants</p> <p>X \$112,137,143</p> <p>-----</p> <p>\$29,492,069 increase in premiums for all Coloradans</p>
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Effect if unlicensed immigrants get licenses and insurance

Unlicensed immigrants are also currently driving without proper registration for their vehicles. In Colorado, a driver cannot obtain registration for their car without a license and insurance. Allowing undocumented immigrants access to driver’s licenses would increase revenue for automobile insurance companies and increase car registration revenue. The U.S. Census Bureau estimates that the average expenditure per insured vehicle in Colorado was \$729 in 2008.¹⁵ That is equivalent to approximately \$802 in 2013. If undocumented immigrants purchase insurance at the same rate as all other Coloradans then 83.8 percent will purchase insurance, increasing insurance revenue by \$113.1 million annually.

<p>168,400 undocumented immigrants that will get a license</p> <p>X 83.8% purchase insurance</p> <p>-----</p> <p>141,119 will purchase insurance</p> <p>141,119 undocumented immigrants that will purchase insurance</p> <p>X \$802</p> <p>-----</p> <p>\$113,117,598 in increased insurance revenue</p>

Currently, vehicle registration is \$41 a year. This means that if uninsured immigrants are able to get a license, they are more likely to also obtain insurance and register their vehicle. As of 2014, there were 5.4 million vehicles registered to the 3.8 million motorists in Colorado.¹⁶ This means there are 1.4 vehicles registered per driver in

¹⁴ Testimony in Support of SB 68, SB 628, and HB 6037 To Allow Undocumented Immigrants Access to Driver’s Licenses <http://www.cga.ct.gov/2013/TRAdat/Tmy/2013HB-06037-R000304-Jerome%20N.%20Frank%20Legal%20Services%20Organization-TMY.PDF>

¹⁵ U.S. Census Bureau, Statistical Abstract of the United States, 755, tbl 1223; <http://www.census.gov/compendia/statab/2012/tables/12s1223.pdf>

¹⁶ “Registered Vehicles by Plate Type,” December 31, 2014; <https://www.colorado.gov/pacific/sites/default/files/Report%20of%20Registered%20Vehicles%20by%20Fuel%20Type.pdf>

Colorado. As more undocumented immigrants are able to drive legally they will begin to purchase more vehicles, though it is unlikely that these individuals will stop carpooling or taking public transit altogether. In addition, many immigrants will not be able to access licenses even when made available due to other restrictions. As such, we assume that immigrants are unlikely to buy more than one vehicle and are even less likely to if they are not participating in the labor force. If we assume that only those immigrants who are participating in the labor force are purchasing vehicles (and not all 141,000 who will purchase insurance in order to drive a car) but at a lower rate than all other Coloradans, then revenue generated from motor vehicle registration fees could be as high as \$5.3 million. If we assume that everyone who is eligible for a license purchases insurance and registers one vehicle, then revenue for the state could be as high as \$6.9 million

5,430,511 vehicles currently registered in Colorado

/3,849,557 licensed motorists

1.4 cars registered per driver

If those participating in the labor force purchased cars at the same rate

130,000 undocumented immigrants participating in the labor force

X 1.4 cars per driver

X \$41 vehicle registration fees

\$5,330,000 in new vehicle registration fee revenue

**168,000 undocumented immigrants x 1 car per driver x \$41 registration fees= \$6,888,000 in
new revenue**