



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

January 2018

In 2013, the Colorado State legislature passed SB 251, the Colorado Road and Community Safety Act, which allowed up to six DMV offices to offer driver's licenses to immigrants without documentation residing in Colorado.

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 laws, purchase cars and insurance and register their vehicles.

Under current law, funding for this program must be reauthorized every year and is severely limited. Due to this, the number of participating DMV offices have been cut from five to three and will eventually be cut to one office once 66,000 total licenses in Colorado are granted. 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.

Making driver's licenses available to eligible immigrants gives them opportunity to purchase insurance and register their cars while reducing premiums for all Coloradans.

- With the passage of the Colorado Road and Community Safety Act (SB13-251) in 2013, 160,000 unlicensed immigrants were eligible to receive driver's licenses in Colorado.
- Colorado drivers would save \$59 million in insurance premiums every year if all immigrants are able to get driver's licenses and purchase car insurance.
- Insurance companies could see increased revenue of \$118 million annually, as approximately 138,000 immigrants would purchase motor vehicle insurance in Colorado.
- As these drivers register their vehicles, state and local governments could see new revenue from the estimated 120,000 vehicles.

Unrestricted driver's license programs have proven economic benefits.

People with driver's licenses are more likely to work, spend, and participate 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, they 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.

A 2017 study by the New York Fiscal Policy Institute (FPI), further demonstrates the economic and unanticipated benefits of unrestricted driver's license programs.²

- Access to licenses for all immigrants means more cars are purchased and registered.
- When people are able to drive because they have a license, they can get to a wider range of jobs. When workers can get to every available job, the labor market functions more smoothly, benefiting both employees and employers.
- California's Department of Motor Vehicles saw an increase in the list of potential organ donors after a change in policy allowed undocumented immigrants to have a driver's license.

Unrestricted driver's license programs help reduce fatalities and decrease rate of uninsured cars.

Currently, 12 other states and the District of Colombia offer driver's licenses to immigrants, and most of these programs are seeing positive impacts on the states and local communities.

- **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 2011.³ What's even more impressive is that alcohol-related crashes decreased 32 percent and traffic fatalities fell 23 percent.⁴
- **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).⁵ This caused Utah's uninsured motorist rate to drop from 28 percent to 8 percent.

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

² New York Fiscal Policy Institute, "Expanding Access to Driver's Licenses, January 2017 <http://fiscalpolicy.org/wp-content/uploads/2017/01/FINAL-Drivers-licenses-report-2017.pdf>

³ <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>;

⁴ 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>.

⁵ Illinois Coalition for Immigrant and Refugee Rights, "Determining the impact of unlicensed immigrant motorists in Illinois," 2012

Proposed Policy Changes

In order to fully maximize the potential of SB 251 for all eligible undocumented immigrants in Colorado, the following policy changes are proposed:

- Expand the DMV appointment cap so that the 3 DMV offices in Grand Junction, Colorado Springs, and Denver can continue to offer licenses
- Allow online renewals for current license-holders
- Enable individuals with taxpayer identification numbers or Social Security numbers to qualify for the program

Methodology

Estimated number of unlicensed immigrant drivers

To estimate the number of undocumented immigrants who would be eligible to take advantage of driver's licenses, CFI assumes the majority of undocumented immigrants who would qualify for the program are between the ages of 16 and 74. The Federal Highway Administration reports that, in 2015, 3,802,022 individuals under the age of 75 had licenses.⁶ This means that approximately 95.4 percent of the eligible population in the state has a license.

Colorado is now home to approximately 181,712 undocumented immigrants, according to the Center for Migration Studies.⁷ Using data from the American Community Survey, CFI finds that in 2015, 89.7 percent of foreign born immigrants in Colorado were between the ages of 16 and 74. In comparison, only 75.3 percent of U.S. citizens (native-born) are between the ages of 16 and 74⁸.

If undocumented immigrants make use of a license program at the same rate as the native-born population, approximately 158,758 aspiring immigrants would receive a driver's license.

3,802,022 total licensed drivers ÷ 3,904,879 total population 16 to 74 years of age
= 97.4% share of those between 16 and 74 in Colorado with a driver's license

181,712 undocumented immigrants
× 89.7% share of immigrants in Colorado between 16 and 74
= 162,996 undocumented immigrants who would be eligible for a driver's license

97.4% of those 16 – 74 likely to get a license
× 162,996 of aspiring immigrants who would be eligible for a driver's license
= 158,758 undocumented immigrants who will get a license

⁶ Federal Highway Administration, Policy and Governmental Offices, "Highway Statistics 2015."

⁷ Center for Migration Studies, "State-Level Unauthorized Population and Eligible-to-Naturalize Estimates," <http://data.cmsny.org/state.html>

⁸ United States Census Bureau, American Community Survey, 2015 5 Year Estimates; the age distribution of new and aspiring immigrants is different than that of the U.S.-born population, with a smaller share of children and elderly than either the legal immigrant or U.S.-born population. The foreign-born cohort is therefore the closest proxy for undocumented immigrants.

Estimated uninsured and insured vehicles in Colorado

In order to estimate insurance savings, CFI first estimates the total number of unlicensed drivers. The Insurance Research Council reports that 13.3 percent of Colorado drivers are uninsured, compared to 13 percent nationally⁹. This means that approximately 664,427 drivers are driving without insurance in Colorado. Of these drivers, 158,758 (or 24 percent) are uninsured vehicles driven by undocumented immigrants. If these aspiring immigrants were able to acquire a license and purchase insurance at the same rate as other Coloradans, 137,643 undocumented immigrants would have insurance. This would translate into an estimated 21 percent decrease in uninsured vehicles driven by undocumented drivers.

If immigrants get insured at the same rate as other drivers

$$158,758 \times 13.3\% \text{ uninsured rate} \\ = \mathbf{21,115 \text{ uninsured immigrant drivers (137,643 insured drivers)}}$$

Estimated savings to insured drivers and new revenue for insurance companies and the state

A study by economists at the University of Utah and Columbia University found that not allowing undocumented immigrants to get insurance impacts all drivers, especially in increases to annual premiums.¹⁰ The study found that prohibitive license programs in states increase annual coverage costs for drivers by approximately \$17.22 per driver. If unauthorized immigrants are able to get licenses and get insured at a similar rate as all other drivers, this could save all licensed and insured drivers approximately \$59 million in premiums, annually.

Annual savings to Colorado drivers if all immigrants can get licenses

$$3,433,996 \text{ insured aspiring immigrant and resident drivers} \\ \times \$17.22 \text{ per individual, per year} \\ = \mathbf{\$59,133,411 \text{ annual premium savings}}$$

Allowing undocumented immigrants access to driver's licenses would also increase revenue for automobile insurance companies. A 2016 study by the National Association of Insurance Commissioners estimated that the average insurance premium and expenditure was \$778 in 2013. Adjusting for growth, CFI estimates that the average premium in 2015 would be approximately \$857.32. If undocumented immigrants purchase insurance at the same

⁹ <http://www.insurance-research.org/sites/default/files/downloads/UMNR1005.pdf>

¹⁰ Cáceres, Mauricio, and Kenneth P. Jameson. "The effects on insurance costs of restricting undocumented immigrants' access to driver licenses." *Southern Economic Journal* 81.4 (2015): 907-927.

rate as all other Coloradans, then 86.7 percent will purchase insurance, increasing insurance revenue by \$118 million annually.

New revenue for insurance companies

158,758 aspiring immigrants who will get a license × 86.7% purchase insurance
= 137,643 immigrants will purchase insurance

137,643 immigrants will purchase insurance × \$857.32 in annual premiums
= \$118,004,096 in increased insurance revenue

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. While it is difficult to estimate the actual new revenue this would create, it will certainly generate new state and local tax revenue from approximately 120,000 vehicles.