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**Date:** 3/29/2006 3:01:38 PM  
**Subject:** Real ID Follow Up  
**Attachments:** REAL ID Rules Paper.doc  
REAL ID Call for Action Mar 2006.doc  
Anne Witt 030306.txt  
marcia scdmv.doc  
REAL ID Card Recommendation 031706f.pdf

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Scott and Blair,

I just wanted to update you on some recent developments from the Dept of Homeland Security rulemaking group for the Real ID. The group has suggested a few rules that will be of great concern to most states, including South Carolina. I will quickly explain the concerns and will attach documents that I have received from AAMVA who, along with NGA and NCSL, are working with DHS to ensure that the rules can be implemented in a practical, economic and efficient manner.

One of the biggest concerns centers around the security features of the card itself. It is my understanding that these standards have been recommended by DHS security experts and are almost impossible to implement (reference attached e-mail from Anne Witt - AAMVA's representative in the rulemaking group). The recommendations could eventually allow for a chip to be placed in the card itself; however, the recommendations will not address the issue of counterfeiting. Listed below are the requirements that cause us a great deal of concern:

- The card must be of polycarbonate card stock. Currently, no state uses polycarbonate cards. They are used in a few countries in Europe and in some Canadian provinces. AAMVA believes that there is only one international vendor with a license and patent to make these cards. This type of card is significantly more expensive than the type of card used today. We have asked for some estimates from vendors. (see attached e-mail from Ken Robertson, a representative from Digimarc)
- Personalization of some information via laser engraving to include tactile features and microline printing specific to the bearer. This represents a significant increase in costs to our operations because we currently are an over-the-counter issuance state. Laser engraving requires new, more expensive printers. (see attached e-mail from Ken Robertson, a representative from Digimarc, a driver's license vendor) **More importantly, this requirement would change the way we process transactions.** The printers that can print laser engraving are not only expensive but large in size. This requirement will push almost every state to a central issuance where customers cannot obtain their license at a field office but instead must wait to have the license mailed or return to the office to pick it up at a later date. This requirement takes away the flexibility for states to offer various service alternatives, including the web.
- DHS wants to create a federated database to house DMV information from every state. Again, this has major implications for all state DMVs because DHS cannot give us any parameters for the type of data and the interfaces needed to transmit and receive data. South Carolina has a major concern because our DMV is funded from the sale of certain data elements to entities that are authorized by DPPA to receive the data (insurance companies, companies involved with safety recalls such as RL Polk, etc.) If control of the data is taken away from states, SCDMV could lose a good portion of our operating funding. This is especially critical to us as we give up appropriated funding for our revenue dollars.
- DHS is considering very stringent requirements for the physical security of all offices that issue licenses as well as any warehouse operations that house license supplies. They have not completely defined the requirements but are looking at NASPO standards. These standards are expensive and are overkill and will make it almost impossible for any DMV to be able to comply.

DHS has given money to Kentucky and New Hampshire to implement parts of the Real ID Act. DHS has stated that it is not grant money, and these states made no official application. As a matter of fact, New Hampshire has recently passed a resolution to **not** adopt the Real ID Act. Congress appropriated \$34 million to DHS to distribute in grants to states willing to pilot aspects of the Real ID. The last word from DHS is that they will not distribute any money until regulations have been

adopted. At best, that will be next year. In the meantime, the \$34 million is just sitting there. If South Carolina is going to move forward, we need some of the grant dollars. We are not going to be able to implement this act without additional funds.

AAMVA has asked the states to complete a cost survey. This is a difficult task because so many requirements are still very unclear. We will do our best, and I will send each of you a copy of our cost projections. What is very clear is that this act will be extremely costly to implement, especially if the above proposed security features are adopted, and will have a significant impact on the way we serve customers in South Carolina. Any help that you can give us to stress to lawmakers that the above standards will be next to impossible to implement will be greatly appreciated.

Attached are a Real ID rules paper from AAMVA, the Call to Action document forwarded to each state from AAMVA, an e-mail from Anne Witt (AAMVA's representative working with DHS's rulemaking body), and a letter and document outlining the potential costs for the polycarbonate card and laser engraving printers from the vendor Digimarc. As I receive more correspondence from AAMVA and Anne Witt, I will forward it to you for your information. Please let me know if you have any specific actions you would like me to take. I am speaking with state legislators about this act and am attempting to keep them informed.

Thanks,  
Marcia Adams

Marcia Adams  
Executive Director  
South Carolina Department of Motor Vehicles