

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 773
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: MAY 31, 2022

SUMMARY

Synopsis: Requires MVC to create mobile driver’s licenses and identification cards.

Type of Impact: State expenditure increase; State revenue increase.

Agencies Affected: New Jersey Motor Vehicle Commission.

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1-6</u>	<u>Year 6 and After</u>
State Cost Increase	Indeterminate	Indeterminate
State Revenue Increase	No Impact	Indeterminate

- The Office of Legislative Services (OLS) finds that the State will incur indeterminate one-time costs to implement mobile driver’s licenses and identification cards, including the costs to design these electronic documents and other costs associated with information technology (IT) changes that such electronic documents will require. Because the OLS is unable to predict how the program will be implemented, does not have information about associated IT hardware and software costs, and notes that the bill will not take effect until six years after enactment, the cost and revenue estimates for the bill, as well as their timing, are indeterminate.
- Beginning six years after the date of enactment, the bill would also result in indeterminate costs for the issuance of the mobile driver’s licenses and mobile identification cards as well as any continuing IT costs associated with the maintenance of the mobile driver’s license and mobile identification card systems. These costs will be offset to a certain degree by annual revenues collected by the Motor Vehicle Commission (MVC) for the electronic documents. The OLS is unable to determine the likely amounts of these revenues because the bill gives the MVC discretion in setting fees for the mobile driver’s licenses and mobile identification cards, so long as the fees are reasonable.

BILL DESCRIPTION

This bill requires the MVC to create and issue a mobile driver’s license and mobile identification card to any individual who requests such documentation. The MVC is authorized to

charge and collect a reasonable fee for the issuance of mobile driver's licenses and mobile identification cards.

The bill requires the MVC to include features that ensure the security and integrity of the documents and to prevent and detect the alteration, duplication, counterfeiting, photographing, forging, or other modification of the electronic documents. The bill allows the holder of a mobile driver's license or mobile identification card to update their motor vehicle record and provides that the changes are to immediately become part of the person's motor vehicle record and take precedence over information provided on the person's printed, hard-copy driver's license or identification card.

The bill is to take effect 72 months after enactment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the creation of mobile driver's licenses and identification cards by the MVC will result in indeterminate one-time design costs and annual issuance and IT costs as well as indeterminate annual State revenues. Under the bill, the MVC would not begin to issue the mobile licenses and identification cards until six years after the date of enactment. Accordingly, while the MVC may incur increased up-front implementation costs before this time, annual increases in MVC expenses and revenues are not expected to occur until after the sixth year following the date of enactment.

The cost of creating the mobile driver's licenses and identification cards cannot be determined without more information about how the program will be implemented and how much implementation of the program may cost six years after enactment. The annual cost is similarly unable to be determined and will also depend on the number of individuals applying for a mobile driver's license or mobile identification card.

The bill includes a requirement that the MVC include features that ensure the security and integrity of the electronic documents and that the MVC prevent and detect certain alterations, counterfeiting, and other modifications of the electronic documents. These requirements will result in an indeterminate one-time cost to design and produce documents with the required security features as well as ongoing annual costs to ensure the security and integrity of the documents as well as detection of various modifications of the documents.

Other states have started to consider digital driver's licenses with costs varying for each state. For example, the state of Iowa sought to implement digital driver's licenses in 2018 with an estimated cost of \$3.5 million. Iowa has not yet fully implemented its digital driver's license program and it is unknown what costs the state has incurred for implementation. The costs for New Jersey to implement a similar program would likely exceed Iowa's costs due to New Jersey's larger population as well as inflation.

The annual revenue produced by mobile driver's licenses and mobile identification cards cannot be determined at this time, largely in part due to the uncertain nature of the number of applicants and the amount of the fee that the MVC may charge for the electronic documents. The amount of the fee is totally within the discretion of the MVC, so long as the fee is reasonable.

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Section: Authorities, Utilities, Transportation and Communications

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).