

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3078
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: OCTOBER 17, 2023

SUMMARY

Synopsis: Authorizes use of digital license plates.

Type of Impact: Annual State expenditure increase.

Agencies Affected: New Jersey Motor Vehicle Commission.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) determines that, should the Motor Vehicle Commission permit the use of digital license plates and digital license plate devices, the bill will result in expenditure increases to the commission associated with the implementation of these plates and devices. Expenditure increases would vary depending on how the commission chooses to implement the program.
- For reference, the OLS notes that the states of Arizona, California, and Michigan currently permit the use of digital license plates for passenger vehicles.

BILL DESCRIPTION

This bill authorizes the New Jersey Motor Vehicle Commission to permit the use of digital license plates and digital license plate devices. Digital license plates and digital license plate devices authorized for use by the bill are required, at all times, to display the registration number of the motor vehicle. The commission is required to establish standards for digital license plates and digital license plate devices.

This bill permits the commission to authorize the sale or resale of digital license plate devices by the device manufacturer or through participating retailers. Additionally, the commission is prohibited from charging additional fees for the use of digital license plates or digital license plate devices in excess of the fee charged for the registration of a motor vehicle.

Current law requires registered vehicle owners to display license plates provided by the commission on the front and back of the vehicle. Notably, this bill would provide registered vehicle owners the option of displaying digital license plates and digital license plate devices.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that, should the Motor Vehicle Commission permit the use of digital license plates and digital license plate devices, the bill will result in expenditure increases to the commission associated with the implementation of these plates and devices.

Expenditure increases would vary depending on how the commission chooses to implement the program. The commission may find it necessary to authorize a digital license plate vendor, enter into agreements with the vendor, and regulate usage of allowable digital license plates. The commission would also incur additional administrative expenditure increases for updating the rules, forms, and manuals and its website to reflect new rules for the use of digital license plates. Law enforcement and other State and local entities that rely upon license plate readers and other automated systems may be required to update their systems to properly read and capture information from digital license plates.

The states of Arizona, California, and Michigan currently permit the use of digital license plates for passenger vehicles. For reference, information on the California and Michigan programs is provided below.

California State Legislation

In 2013, the State of California established a pilot program to evaluate the use of alternatives to traditional metal license plates, registration stickers, and registration cards. The state completed the pilot program and published a report of its findings in August 2019, citing that the state should move forward with legislation to implement digital license plates, digital registration cards, and lower-tech adhesive license plates that wrap around a vehicle's bumper. Thereafter, the state enacted California Assembly Bill No. 984 on September 29, 2022, which established a permanent program authorizing the issuance of devices as alternatives to conventional license plates, stickers, tabs and registration cards, including digital license plates.

After the pilot program was completed, the state reported that it would need to establish a new unit charged with approval and oversight of alternative registration products, including digital license plates, make information technology changes to manage vendors, and make record information available to law enforcement. For reference only, the OLS notes that the State of California, which has approximately four times the population of New Jersey, anticipated expenditures of \$511,000 in the first year of implementation and \$945,000 each year thereafter for staffing. According to the California Assembly Committee on Appropriations, the California Department of Motor Vehicles would charge vendors fees that would eventually offset the costs associated with the program. Additionally, the California Highway Patrol would experience minor, absorbable costs associated with the testing of alternative digital plate products and the training of officers and other personnel on the use and regulation of alternative license plates.

Michigan State Legislation

The State of Michigan also enacted legislation to allow the use of digital license plates. The Michigan Department of State does not sell, administer, or profit from digital license plates. These license plates are only sold by private companies and auto dealers. Digital plates serve as representations of the standard metal license plates that vehicle owners purchase and renew with the Secretary of State. The State of Michigan anticipated few administrative costs for implementing digital license plates.

Private Vendor for Digital License Plate Platforms Used in Arizona, California, and Michigan

Based on the bill's provisions, the commission may choose to authorize a vendor to be the contracted provider of digital license plates in the State. For informational purposes, the OLS notes that Arizona, California, and Michigan use the same private vendor, Reviver, to develop and provide the digital license plate platforms used in those states. The bill prohibits the commission from charging any additional fee for the use of digital license plate or digital license plate devices in addition to the fee charged to register a vehicle. Therefore, the commission will not receive increased revenues from the sale or use of digital license plates and digital license plate devices.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Michael D. Walker
Assistant Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

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.).