

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4442

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: AUGUST 31, 2020

SUMMARY

Synopsis: Authorizes individuals who have passed road test to use driving permit to operate motor vehicle for 60 days during COVID-19 public health emergency.

Type of Impact: Potential delay in State revenue collections.

Agencies Affected: New Jersey Motor Vehicle Commission.

Office of Legislative Services Estimate

Fiscal Impact	<u>From FY 2020* to FY 2021**</u>
Potential State Revenue Shift	Indeterminate

*Fiscal year beginning on July 1, 2019 and ending on September 30, 2020

**Fiscal year beginning on October 1, 2020 and ending on June 30, 2021

- The Office of Legislative Services finds that this bill will not impact the magnitude of revenues collected by the Motor Vehicle Commission (MVC); however, it could impact the timing of collections, potentially shifting revenue that would have been collected in FY 2020 to FY 2021 depending upon the length of the COVID-19 public health emergency.
- The revenues impacted will be the \$6 fee paid by new drivers for probationary licenses, which will be collected up to 60 days later than it would have otherwise been collected.
- With the current backlog in certain MVC transactions, there may be other operational cost impacts in the form of employee overtime or other actions intended to reduce that backlog. The impact of this bill on the management of MVC operations to reduce the transaction backlog is unclear and cannot be known, although this bill would presumably help with the backlog.

BILL DESCRIPTION

This bill allows a person who has passed the road test for driver licensure to operate a motor vehicle in this State in the same manner and to the same extent as the holder of a probationary driver's license of the same age as the person. This includes the ability to acquire automobile

insurance in the same manner as the holder of a probationary driver's license. The authorization to operate a motor vehicle is to be valid for 60 days following passage of the road test. For applicants who passed the road test before the effective date of the bill, the person is authorized for 60 days from the effective date of the bill to operate a motor vehicle. After that time period, the person will be required to visit a New Jersey Motor Vehicle Commission location to receive a driver's license in order to lawfully operate a motor vehicle.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill will result in the MVC deferring the \$6 probationary license fee for new drivers during the COVID-19 public health emergency for a period of up to 60 days. Under the bill, the \$6 fee and agency transaction to obtain a probationary license will still need to occur. To the extent that the public health emergency is still in effect at the end of FY 2020 (September 30, 2020), it is possible that this will cause some amount of revenue that would have been collected in FY 2020 to be collected in FY 2021.

Currently, the MVC is facing a backlog of transactions due to the closure of the agency in the first few months of the COVID-19 public health emergency. The MVC is currently working through that backlog. To the extent that this bill allows the MVC to redistribute transactions in a way that limits the intensity of the backlog, it may allow the MVC to make certain operational decisions that are less costly, such as reduced use of overtime or reduced reliance on supplemental part-time staff. Those are decisions made possible by the bill, though, and not a direct result of the bill. Further, it is not possible to determine the management decisions that the Chief Administrator may make as a result of this bill, so any potential impact on operating costs are both indirect and indeterminate.

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.).