

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 2747

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: AUGUST 31, 2020

SUMMARY

- Synopsis:** Authorizes MVC to use stored driver’s license or identification card photo for longer than eight years; limits certain appointment times at MVC locations to senior citizens and persons with certain medical conditions during COVID-19 pandemic.
- Type of Impact:** Decreased annual State cost.
- Agencies Affected:** New Jersey Motor Vehicle Commission.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Decrease	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will lower annual State costs by allowing the New Jersey Motor Vehicle Commission (MVC) to utilize stored digital pictures for driver’s license renewals for a longer period than would otherwise be allowed. This will reduce the cost of taking additional pictures at agencies and allow more transactions to take place online, while still permitting the MVC to collect the \$6 digitized picture fee.
- The MVC may potentially realize temporary increased costs due to the requirement that certain times be set aside weekly for senior citizens and at-risk populations to conduct transactions at MVC agencies during the COVID-19 public health emergency. The MVC is currently working through a backlog of transactions, and if those special hours result in a lower level of customer traffic, it can limit progress in resolving that backlog. The cost impact of this provision is indeterminate and will depend on the hours set, traffic during those hours, and other resultant decision about how to manage agency operations.
- The overall impact of the bill will likely be to reduce MVC operating costs, with digitized pictures being used for a longer duration likely having a much greater impact on costs than the temporary provision of special hours for seniors and at-risk populations.

BILL DESCRIPTION

This bill extends the validity of all driver's license and identification card photographs from eight years to twelve years. Under current law, driver's licenses and identification cards are valid for four years and the Chief Administrator of the MVC is authorized to use a stored photograph to renew a driver's license and identification card for a period not exceeding four additional years.

Under the bill, the chief administrator may elect to use a stored photograph for two consecutive four-year renewal periods, but is prohibited from using a stored photograph for more than twelve years except as otherwise provided by law. The bill provides that a person who is issued a standard basic driver's license or standard identification card and who is 65 years of age or older, is not required to update the person's photograph upon renewal and is eligible to use a stored photograph for each standard driver's license or standard identification card renewal.

The bill requires the chief administrator, during the COVID-19 public health emergency, to reserve one day per week or a certain time each day or each week, to be determined by the chief administrator, at certain commission agency locations to offer appointments exclusively to the following individuals to register a newly purchased, newly acquired, or transferred motor vehicle: (1) senior citizens, and (2) customers who, due to a medical condition diagnosed by a licensed medical doctor or osteopathic physician and evidenced by proof, in a form prescribed by the chief administrator, cannot wear masks or face coverings.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will lower annual State costs by allowing the MVC to utilize stored digital pictures for driver's license renewals for a longer period than is currently allowed. When the MVC uses stored digital pictures for driver's license renewals that will reduce staff time needed to take additional pictures at agencies. If the volume of pictures taken is reduced by enough, it may even allow the agencies to maintain less digitized picture equipment when the current technology needs to be replaced. The reuse of digitized pictures will also allow more transactions to take place online, with online transactions having lower marginal costs than in-person MVC transactions. The revenue realized by the MVC is unlikely to be impacted, though, because the bill continues to provide for the same standard and REAL ID license renewal rates, including the \$6 digitized picture fee.

The magnitude of cost savings are unclear because OLS does not have access to the operational information necessary to determine the difference in marginal costs between an in-agency license renewal and an on-line license renewal, or the total number of license holders that will choose to renew online rather than in-person once that option becomes available. It is also not possible to determine how many times senior citizens will be able to continue utilizing stored pictures. There are currently 6.5 million licensed drivers in the State with licenses that are valid for four year periods, and on average a picture will now only need to be retaken every twelve years rather than eight years. Depending upon the per transaction savings, given the size of the licensed driver base, every \$1 in per transaction savings would be expected to generate \$270,000 in average annual

savings based on a picture lasting twelve years compared to eight years. Not retaking the pictures of senior citizens would provide even greater savings.

During the COVID-19 public health emergency the bill requires the Chief Administrator to create special times reserved for senior citizens and at-risk populations to conduct transactions at the MVC. The bill provides the MVC with discretion to determine the times, places, and scope of these opportunities. Further, there is no way to determine the utilization level of agencies when these yet to be determined times are offered. This makes a discreet determination of the impact on MVC operating costs impossible. It should be noted, though, that the MVC is currently experiencing a transaction backlog due to the time when the agencies were closed due to the pandemic. If customer volume during these reserved periods is lower than average, it can inhibit the ability of the MVC to reduce that backlog unless it is also accompanied by extending operating hours at some other time.

The overall impact of the bill will likely be to reduce MVC operating costs, with digitized pictures being used for a longer duration likely having a much greater impact than the temporary provision of special hours for seniors and at-risk populations.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Principal Fiscal Analyst*

*Approved: Frank W. Haines III
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.).