

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 1297

STATE OF NEW JERSEY

221st LEGISLATURE

DATED: FEBRUARY 21, 2024

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 Expenditure Increase	Indeterminate	Indeterminate
State Revenue Increase	No Impact	Indeterminate

- The Office of Legislative Services (OLS) finds that the State will incur indeterminate start-up costs to create and issue mobile driver’s licenses and identification cards, including the costs to design these electronic documents and other costs associated with information technology 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 information technology 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 information technology 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 for the electronic documents. The OLS is unable to determine the likely amounts of these revenues because the bill gives the commission 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 Motor Vehicle Commission to create and issue a mobile driver's license and mobile identification card to any individual who requests such electronic documentation. The commission 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 commission 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 holders of a mobile driver's license or mobile identification card to update motor vehicle records and provides that the changes are to immediately become part of their motor vehicle record and take precedence over information provided on the 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 commission will result in an indeterminate one-time design cost and annual issuance and information technology costs as well as indeterminate annual State revenues. Under the bill, the commission would not begin to issue the mobile licenses and identification cards until six years after the date of enactment. Accordingly, while the commission would incur increased up-front implementation costs before this time, annual increases in commission 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 administrative cost of the program 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 commission include features that ensure the security and integrity of the electronic documents and that a process be in place to 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.

A number of other states have implemented or started to consider digital driver's licenses with costs varying for each state. For example, Iowa sought to implement digital driver's licenses in 2018 with an estimated cost at that time of \$3.5 million. It is also reported that Florida has a \$1.8 million contract with a company to develop a smartphone identification application. It is unclear if these are final costs for development and implementation of these programs or whether they would be comparable to the costs the State would incur under the bill.

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 commission may charge for the electronic documents. The amount of the fee is entirely within the discretion of the commission, so long as the fee is reasonable.

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.).