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FISCAL IMPACT REPORT

SPONSOR <u>STBTC</u>	LAST UPDATED	<u>2/1/2024</u>
	ORIGINAL DATE	<u>2/1/2024</u>
	BILL	<u>CS/Senate Bill</u>
SHORT TITLE <u>Electronic Driver’s License Credentials</u>	NUMBER	<u>88/STBTCS</u>
	ANALYST	<u>Anderson</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Motor Vehicle Division	\$36.0	\$0	\$0	\$36.0	Nonrecurring	Other state funds
Motor Vehicle Division	\$140.8			\$140.8	Nonrecurring	Other state funds
Total	\$176.8	\$0	\$0	\$176.8	Nonrecurring	Other state funds

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Taxation and Revenue Department
 Department of Public Safety

SUMMARY

Synopsis of STBTC Substitute for Senate Bill 88

The Senate Tax, Business and Transportation Committee substitute for Senate Bill 88 amends the Motor Vehicle Code, Section 66-1-4.3 NMSA 1978, to enable the Taxation and Revenue Department (TRD) to issue electronic credentials for driver’s licenses and identification cards in addition to physical driver’s license cards or physical identification cards. A new Section, 66-5-601 NMSA 1978 is enacted as the Electronic Credentials Act.

Electronic credentials are defined as an electronic extension of a department-issued physical credential and an electronic credential system means a digital process for loading electronic credentials onto a device to transmit data elements of the credential. The committee substitute defines “relying party” as an entity to which a credential holder is presenting an electronic credential.

Electronic credentials shall be issued via download from a state-approved electronic application. A digital copy, photograph, or image of an electronic credential that is not downloaded through a state approved electronic application shall not be considered valid. Electronic credential holders

must continue to possess a valid, physical driver's license when operating a motor vehicle and present the physical credential on demand of a magistrate, peace officer, field deputy, or inspector of the Motor Vehicle Division. Failure to do so would result in a misdemeanor.

TRD shall establish a verification system and phone applications for the new electronic credentials and may charge a fee for issuance or use of the system. The bill enables TRD to contract with a third party to administer any system developed for the issuance, verification, or use of electronic credentials. TRD shall adopt the rules it deems necessary to implement the program.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

TRD estimates the time to develop, create applications, and implement necessary Tapestry system changes is approximately \$140.8 thousand for contractual resources and \$36 thousand for personnel.

The bill enables TRD to contract with a third party to administer any system developed for the issuance, verification, or use of electronic credentials. Third-party agreements are permitted between TRD and an agency of the state, another state, or with national vendors, to facilitate the issuance, use and verification of the electronic credentials. TRD shall adopt the rules it deems necessary to implement the program.

This bill requires system changes to allow electronic credential to be the official versions of the physical driver's license or identification card credential currently issued to citizens. This will require the creation of data element exchange protocols to wallet providers to provide the citizen of New Mexico the ability to utilize the electric credential to conduct business with participating business and government entities.

SIGNIFICANT ISSUES

Eight states currently offer mobile drivers licenses: Arizona, Maryland, Colorado, Missouri, Mississippi, Oklahoma, Louisiana, and Delaware. Ten additional states are in the process of adopting mobile drivers' licenses. TRD notes digital IDs will streamline some processes and improve accessibility, simplifying daily interactions "while safeguarding personal information."

The agency reports mobile driver's license and identification cards are already being accepted at specific Transportation Security Administration (TSA) facilities and by businesses that have invested in reader devices. TSA is expected to widely adopt scanning technology to allow use of mobile driver's licenses at airports in coming years.

However, TRD notes, mobile driver's licenses are not being accepted by law enforcement because officers must have a scanning device:

As handheld scanner/reading devices are adopted by law enforcement over time, it is anticipated that mobile driver's licenses will become universally accepted. As more states adopt this program nationally, expanded uses for the mobile driver's license will arise.

The Department of Public Safety reports the bill addresses the concerns of law enforcement by requiring drivers' to continue to carry a physical license and "has the provision that any digital credential must be able to be presented for verification while the owner maintains possession of their electronic device."

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