

BILL ANALYSIS AND FISCAL IMPACT REPORT
Taxation and Revenue Department

February 1, 2024

Bill: STBTC sub. for SB-88 **Sponsor:** Senator Roberto “Bobby” J. Gonzales and Representative Harry Garcia

Short Title: Electronic Driver's License Credentials

Description: The *Senate Tax, Business and Transportation Committee* substitute enacts the Electronic Credentials Act, providing that the Taxation and Revenue Department (Tax & Rev) may issue an electronic credential to a person in addition to a physical driver's license or physical identification card. The bill makes clear that a license in its physical form must be in a driver's possession at all times when operating a motor vehicle. The bill allows the state to enter into agreements with an agency of the state, another state or the United States to facilitate the issuance, use and verification of electronic credentials. The bill provides that Tax & Rev shall design the electronic credential to allow the holder to maintain physical possession of the device on which the electronic credential is accessed and that a third party may administer a system developed to facilitate the issuance, verification and use of electronic credentials. The bill allows Tax and Rev to charge a fee for the electronic credential.

Effective Date: Not specified; 90 days following adjournment (May 15, 2024).

Taxation and Revenue Department Analyst: Htet Gonzales – Motor Vehicle Division

Methodology for Estimated Revenue Impact: None

Policy Issues: This bill will allow New Mexico MVD to participate in new technology being adopted in several states to improve customer convenience and efficiency. New Mexico will join eight other states (AZ, MD, CO, MO, MS, OK, LA, and DE) that currently offer mobile drivers licenses to their citizens. Ten additional states (WV, CT, GA, HI, IA, NY, KY, OH, UT and CA) have announced they are committed to providing mobile drivers licenses and are at various stages of development.

Mobile driver's licenses will streamline identification processes and enhance overall accessibility. MVD will create a secure verification system to access electronic credentials in real time. Electronic credentials will allow customers to release selective information as needed. Mobile driver's licenses will not only simplify daily interactions while safeguarding personal information. This is a significant advancement over the physical credential, which is limited by being a snapshot in time since physical credentials cannot fully represent changes once produced. This bill will reduce physical document reliance, but customers will be required to carry the physical driver's license primarily for law enforcement use.

Currently, mobile driver's license and identification cards are 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.

At this time, mobile driver's licenses are not being accepted by law enforcement due to concerns with law enforcement officers physically possessing mobile devices to run record checks. 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. It is anticipated that mobile driver's licenses and identification

cards can one day replace the physical card completely.

As part of MVD’s implementation plan, MVD will develop the necessary interfaces for New Mexico’s mobile driver’s license to be housed in mobile wallets such as Apple and Google. MVD will further ensure that its mobile driver’s license ensures the security of customer data, can be offered at no cost to customers, and meets the requirements for TSA acceptance.

Technical Issues: None.

Other Issues: In the near term, mobile driver’s licenses are expected to have limited adoption and acceptance. However, over time, mobile driver’s licenses will become more widely accepted. Until such time, physical driver’s licenses will still be required to be carried.

Administrative & Compliance Impact: Implementing mobile driver’s licenses will have a moderate impact on Tax & Rev’s Information Technology Division (ITD). The estimated time to develop, test and implement the changes is approximately 640 estimated hours, which includes creation of application programming interfaces (APIs) between MVD’s system of record (Tapestry) with mobile wallet providers with an approximate cost of \$176,800 (\$140,800 contractual resources including gross receipts tax and staff workload of \$36,000).

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.

Estimated Additional Operating Budget Impact*				R or NR**	Fund(s) or Agency Affected
FY2024	FY2025	FY2026	3 Year Total Cost		
\$140.8	-	-	\$140.8	NR	MVD Suspense Fund – contract services
\$36	-	-	\$36	NR	MVD Suspense Fund – staff work

* In thousands of dollars. Parentheses () indicate a cost saving. ** Recurring (R) or Non-Recurring (NR).

Related Bills: None