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FISCAL IMPACT REPORT

SPONSOR Barela **ORIGINAL DATE** 1/28/09
LAST UPDATED _____ **HB** 149
SHORT TITLE Alternate Driver's License Renewal **SB** _____
ANALYST Lucero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$0.01	\$0.01	\$0.01	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department

SUMMARY

Synopsis of Bill

House Bill 149 proposes to amend Sections 66-5-21, 66-5-403, and 66-5-408 NMSA 1978 of the Motor Vehicle Code to would allow Motor Vehicle Division (MVD) customers to renew driver's licenses or identification cards electronically (through the Internet) and ensure adequate security measures are in place to safeguard personal information.

The bill also provides for the expiration of driver's licenses or identification cards thirty days following the holder's twenty-first birthday, and provides for the proration of fees for that shortened license period.

FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) acknowledges there may be an additional administrative cost related to procuring information technology hardware and software. However, without a proper needs assessment, it would be difficult to estimate the potential cost or saving associated with implementing this bill.

SIGNIFICANT ISSUES

TRD reports:

- Motor Vehicle Division rules will probably limit the electronic driver's license renewals to require renewal in person at a field office for alternate renewals.
- Electronic renewal poses issues regarding how to guarantee the applicant's identity, the security of the applicant's personal information, and how (or whether) to confirm the applicant's health and vision.
- Renewal of drivers' licenses and IDs by electronic means would be customer friendly and relieve pressure on MVD's field offices.
- There would be some added risk of identity fraud and of renewal licenses being issued despite medical conditions or vision issues that would otherwise be caught when the customer visits an MVD field office in person.
- Expiration of an under-21 license or ID card 30 days after the cardholder's 21st birthday will facilitate the timely exchange of the vertical-format, under-21 license for an adult horizontal-format license which is now required by many liquor establishments regardless of the cardholder's actual age. More frequent pro rata fee adjustments will be required for the licenses/id cards issued to individuals under 21 years of age.
- Current MVD policy requires an eye test every time a license is issued. Military applicants who are stationed out of state must send a visual/ocular report completed by their optometrist. If renewal is being done by electronic means, the report would have to be mailed, faxed, or emailed, unless it is decided to forego the vision report altogether.

MVD currently requires a signature on the application. MVD may have to explore ways in which to obtain a current signature in electronic format, or use the signature image already on file.

Several other states allow electronic license renewal.

ADMINISTRATIVE IMPLICATIONS

According to the Taxation and Revenue Department:

- Expiration 30 days after an under-21 cardholder's 21st birthday, with proration of card fees, will require some programming changes, but can be accomplished for July 2009 implementation.
- The electronic driver's license renewal presents substantial administrative issues, but there is no necessary immediate impact since the proposal *allows* the division to develop electronic renewals but does not *require* electronic renewals immediately.

Extensive study and development would be required before implementation to ensure security of personal information, effective fraud prevention, and appropriate policies for consideration of medical and vision conditions.

Implementation would involve changes to the MVD 2.0 driver's system and the financial distribution system (MVRO). Since no application currently exists for renewing driver's licenses by electronic means or through the mail, new applications will have to be developed and deployed.

- MVD 2.0 driver's system (140 hrs.)
 - Financial distribution system (160 hrs.)
 - New web application (1,020 hrs.)
 - Possibly a new billing application (400 hrs.)
 - Testing (320 hrs.)
- Total Hours: 2,040

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB12 "Alternative Vehicle Registrations",

TECHNICAL ISSUES

This bill does not resolve the requirement for in-person MVD field office visits. Id regulations require an eye test every time a license is issued. Additionally, electronic license renewal could pose a problem validating a person's identity without an in-person visual confirmation.

AMENDMENTS

Amendments worth considering would require TRD to submit a plan, prior to implementation, for the electronic renewal of drivers' licenses to the Department of Information Technology (DoIT) for review and approval. Require TRD to update the appropriate committee of the Legislature on its progress related to the implementation of electronic driver's license renewal as well as anticipated expenses and proposed security measures prior to implementation.

Additionally, an amendment could add language that requires electronic license renewal applicants to attest, possibly under perjury, that they have had an eye examination within three years before the date of the renewal application.

DL/svb