

## Department of Planning and Budget 2017 Fiscal Impact Statement

**1. Bill Number:** HB2229

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

**2. Patron:** Villanueva

**3. Committee:** Passed Both Houses

**4. Title:** Electronic Credentials Act; report.

**5. Summary:** This bill creates standards for the Department of Motor Vehicles (DMV) in issuing, reviewing, and displaying electronic credentials. The Act creates fees for access to electronic credentials and standards for a verification system that would allow users to verify the authenticity of electronic credentials. A second enactment directs DMV to examine whether the fees provided in this legislation are sufficient to cover DMV's costs of implementing the bill and report to the House and Senate Transportation Committees by December 1, 2019.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Final. See Item #8.

**8. Fiscal Implications:** This bill is enabling legislation, and the Department of Motor Vehicles (DMV) will not issue electronic credentials until such time as it is in a fiscal position to invest in this long term project. Additionally, no investments in this project will be made until partners are found who are willing to accept electronic credentials, in order to ensure that the product is attractive to potential customers.

DMV will incur implementation costs related to research and development, hardware acquisition, and ongoing administrative functions such as help desk support, security and audit controls, and implement processes for the provision of electronic credentials. The agency estimates that these costs will be approximately \$1.45 million, with approximately \$1 million of that figure representing sunk costs for already employed personnel. DMV would expect to incur additional costs for contracting with a third party credential service provider, which would assist DMV with the design, security, and maintenance of electronic credentials, as well as with software which would make electronic credentials readable and verifiable by third parties. These on-going costs are unknown at this time, and would depend on the arrangements DMV makes with the credential service provider and how many third parties the credential service provider would be managing.

There are approximately 5.6 million licensed drivers in Virginia. If 3 percent of licensed drivers were to buy an electronic credential, a little less than \$1.7 million of revenue per year would be collected. If 5 percent of licensed drivers were to buy an electronic credential,

approximately \$2.8 million would be collected per year. The exact amount gained would depend on how many people bought an electronic credential. When these revenues are realized cannot be estimated.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles, Department of Alcoholic Beverage Control, Virginia State Police, local law enforcement agencies.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 2/22/2017

**Document:** Janet Vogelgesang G:\16-18\FIS 2017\HB2229ER.docx

cc: Secretary of Transportation