

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 180

(Chair, Environment and Transportation Committee)(By
Request - Departmental - Transportation)

Environment and Transportation

Judicial Proceedings

**Motor Vehicle Administration - Licenses and Identification Cards - Electronic
Credentials**

This departmental bill authorizes the Motor Vehicle Administration (MVA) to issue an “electronic credential” to an individual in addition to (and not instead of) a license or an identification card if MVA has already issued either physical credential to the individual. MVA may enter into agreements with a Maryland State agency, another state agency, or the United States to facilitate the issuance, use, and verification of electronic credentials issued by MVA (or another state). MVA may charge a fee for (1) the issuance of an electronic credential and (2) the use of an electronic verification system. MVA may also adopt regulations to carry out the bill. Finally, the bill authorizes an alcoholic beverages license holder (or an employee) to accept the electronic credential as proof of an individual’s age.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues increase, likely minimally; general fund revenues decrease, potentially minimally. Otherwise, the bill does not materially affect State finances or operations, as discussed below.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: The Maryland Department of Transportation (MDOT) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: An “electronic credential” is an electronic representation of a license, an identification card, or a data field.

The bill specifies that the definition of “driver’s license” and “license” does *not* include an electronic credential issued pursuant to the bill’s authority. For purposes of satisfying the current requirement that an individual must display a license to any uniformed police officer who demands it, the bill specifies that an electronic credential holder is deemed to have satisfied the requirement only if the uniformed police officer is able to access the verification system authorized by the bill.

MVA may create an electronic credential that (1) is capable of producing both a full profile and a limited profile and (2) satisfies the purpose for which the profile is being presented. MVA must design the electronic credential in a manner that allows the credential holder to maintain physical possession of the device on which the credential is accessed during verification.

MVA may operate a verification system for electronic credentials. Access to the verification system and any data field by a person presented with the credential requires the credential holder’s consent. If consent is granted, MVA may release through the verification system all or some data fields, depending on whether the profile is full or limited.

A third party may administer on behalf of MVA any system developed to facilitate the issuance, verification, and use of electronic credentials.

Current Law/Background: Persons driving on a Maryland highway are required to carry their driver’s license with them and to display it to a uniformed police officer on demand. Failure to do so is a misdemeanor; the prepaid fine established by the District Court is \$50.

Motor Vehicle Administration Pilot Program

MVA advises that it has recently undertaken a pilot program involving MDOT employees and their families to provide an optional electronic credential (sometimes known as a digital driver’s license) as a supplement to their physical credential. Participants have provided enthusiastic reviews, and the overall effort has been a success. MVA has since received requests from the public about the electronic credential program; MVA advises that the existing contractor for the pilot program can expand the electronic credential product on a statewide basis.

Use of Electronic Credentials

An electronic credential provides advanced security for the customer by only displaying information required for the specific transaction. For example, the display could allow retailers to only see information required for their purposes such as name, photo, and a color-coded age indicator. Other personally identifiable information – such as exact date of birth or license number – can remain hidden, helping to protect the customer’s identity.

MVA notes that the bill is intended to:

- establish full authority for issuance of electronic credentials;
- establish security and verification systems;
- authorize the ability to collect any necessary fees for issuance;
- ensure acceptance by other jurisdictions; and
- allow for use of similar products issued by other jurisdictions.

MVA advises that the bill is based on model legislation developed by the American Association of Motor Vehicle Administrators. In addition, MVA notes that there are at least eight states involved in pilot programs for electronic credentials. At least three states (Arkansas, Louisiana, and Virginia) have enacted legislation to permit the technology. Iowa has announced plans to implement its statewide electronic credential program in 2019.

Alcoholic Beverages – License Holders

A license holder (or an employee of the license holder) may accept two forms of identification as proof of an individual’s age: (1) if the individual is a resident of the State, the individual’s driver’s license or identification card (pursuant to the Maryland Vehicle Law); or (2) a United States military identification card.

Retail alcoholic beverages licenses and permits are issued by each jurisdiction’s board of license commissioners to authorize the sale and consumption of alcohol at specified places such as restaurants, taverns, hotels, and clubs. State law expressly prohibits certain actions taken by a license or permit holder. For example, a license holder may not sell or provide alcoholic beverages to an individual younger than age 21. If such a violation occurs, a local licensing board is generally authorized to suspend or revoke the alcoholic beverages license or permit. Additionally, if there is no other penalty for the license or permit holder other than the suspension or revocation of the license or permit, then the holder is guilty of a misdemeanor and upon conviction is subject to imprisonment for up to two years and/or a fine of up to \$1,000.

State Fiscal Effect: Assuming MVA moves forward with the authorization to issue electronic credentials and charges a fee to do so, TTF revenues increase. MVA advises it will likely charge a fee but has not yet determined how much to charge. Fee revenues cannot be reliably estimated but are assumed to be minimal, at least in the early years of implementation. MVA advises that it can absorb costs of expanding its employee program statewide with existing resources.

As noted above, drivers are required to carry their driver's license with them and to display it to a uniformed police officer on demand. Under the bill, it is possible that some drivers may be able to avoid the current penalty by presenting an electronic credential, rather than a physical driver's license. While the bill explicitly establishes that a driver's license does *not* include an electronic credential, it also specifies that an electronic credential holder may satisfy the display requirement if a uniformed police officer is able to access the verification system authorized under the bill. To the extent that a significant portion of individuals who are currently cited for failure to present a license are able to instead satisfy the requirement by presenting the electronic credential, general fund revenues may decline. However, any decline in revenues is expected to be minimal until the electronic credential becomes widespread.

As the bill does not require law enforcement officers to be able to access the verification system, there is no cost to the Department of State Police.

The Judiciary advises that it does not track violations of § 6-305 of the Alcoholic Beverages Article, which allows a license holder to only accept certain forms of identification as proof of an individual's age. However, any effect on general fund revenues is assumed to be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Allegany, Talbot, and Wicomico counties; cities of College Park, Frostburg, and Rockville; Town of Bladensburg; Department of State Police; Maryland Department of Transportation; Department of Legislative Services

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Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Motor Vehicle Administration – Licenses and Identification Cards –
Electronic Credentials

BILL NUMBER: HB180

PREPARED BY: Maryland Department of Transportation / Motor Vehicle Administration
(Dept./Agency)

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

n/a