

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

House Bill 1171 (Delegate Pitkin, *et al.*)

Commerce and Government Matters

Vehicle Laws - "Smart" Driver's License - MVA Study

This bill requires the Motor Vehicle Administration (MVA) to establish a workgroup to study the development of a “smart driver’s license.” A smart driver’s license is a license that contains an integrated circuit on a microchip capable of processing and storing information. The workgroup must study the feasibility of using a smart driver’s license for various purposes such as storing fingerprints and driving records, electronic toll collections, and possible commercial uses. The workgroup must also study related items such as privacy and security issues, and the potential costs, savings, or profits that may result from the use of such licenses.

The workgroup must submit a preliminary report of its findings to the House Commerce and Government Matters Committee and to the Senate Judicial Proceedings Committee by December 1, 2001. A final report is due by December 1, 2002.

The bill is effective July 1, 2001 and sunsets on December 31, 2002.

Fiscal Summary

State Effect: Transportation Trust Fund expenditures could increase by \$50,000 in FY 2002 only. Revenues would not be affected.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	50,000	0	0	0	0
Net Effect	(\$50,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: None applicable.

Background: A substantially similar bill was introduced in the House Commerce and Government Matters Committee in the 1997 session and was withdrawn after a hearing. Following its withdrawal, the *Joint Chairmen's Report* of 1997 requested the Maryland Department of Transportation (MDOT) to examine the potential use of a smart card in Maryland and related cost, privacy, and legal issues. In its final report submitted November 2, 1998, consultants hired by MDOT outlined several advantages and disadvantages of smart cards. Benefits included safety for law enforcement officers, more efficient administration, reduction in fraud and abuse, and privacy through the use of digital signatures and other methods. Disadvantages of the card included cost, legal implications of license revocations, and public acceptance and concern about invasion of privacy.

The report recommended a phased-in approach for MDOT to follow that would begin with implementing the smart card for commercial vehicle drivers as a pilot, then extending the card to all drivers, and gradually adding new uses to the card (transit, health, etc.). It suggested adding banking and commercial services last, after legal and ownership issues are resolved.

The smart card has attracted attention from states looking for ways to simplify record keeping and make identity theft and fraud more difficult. New Jersey and Utah both considered its use. However, the New Jersey legislature postponed a final vote for a ten-year driver's license that could also serve as a credit and health insurance card, after encountering strong opposition from civil rights groups concerned about privacy protections.

Maryland does not issue a smart card similar to the one envisioned in the bill. However, it uses M-TAG, a system that allows commuters to pay tolls at the Fort McHenry and Baltimore Harbor tunnels and the Key Bridge electronically. The system will soon be expanded for more State toll roads in 2001. The Washington Metropolitan Area Transit Authority also uses a SmarTrip card for Metro card fare payment.

State Expenditures: The MVA advises that it would cost at least \$50,000 in fiscal 2002 to hire a consultant to conduct the study required under the bill.

Additional Information

Prior Introductions: A substantially similar bill was introduced during the 1997 session as HB 1337, but was withdrawn after a hearing.

Cross File: None.

Information Source(s): Department of Transportation (Motor Vehicle Administration),
Department of Legislative Services

Fiscal Note History: First Reader – March 2, 2001
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