

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 652
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MAY 20, 2021

SUMMARY

Synopsis: Exempts certain veterans from driver's license fee, motorcycle license fee, and digitized picture fee.

Type of Impact: Decreased State revenue.

Agencies Affected: New Jersey Motor Vehicle Commission.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual Reduction</u>
State Revenue Reduction	Approximately \$300,000

- The Office of Legislative Services (OLS) finds that this bill will likely result in a reduction of State revenues of approximately \$300,000 per year. This amount could be higher or lower depending upon the frequency of license changes by disabled veterans and the percentage of disabled veterans who obtain licenses.
- Public documents from the Department of Military and Veterans Affairs (DMAVA) estimates that there are about 53,000 disabled veterans in the State. A State automobile or motorcycle driver's license costs \$24 including the digital picture fee and is valid for four years. If disabled veterans are licensed at the same rate as the Statewide adult population, about 94 percent, then the annual reduction in revenues will be about \$300,000.
- Driver's license revenue is subject to a statutory formula that dedicates a portion of the revenue to the Motor Vehicle Commission (MVC) to cover its own costs with the remainder accruing to the State General Fund. The provisions of this bill would not change the MVC's underlying cost structure, so despite the formula, the full reduction in revenue will be realized in the amount available to the General Fund for other State purposes, not the base revenues of the MVC.

BILL DESCRIPTION

This bill exempts certain veterans from fees for a basic driver’s license, motorcycle license or endorsement, and digitized photograph. In addition, the bill clarifies that this exemption applies to the fees for a replacement license, two-year license, updated license following reconstructive or cosmetic surgery, and one-year license extension for certain medical reasons. Veterans who qualify for the exemptions are individuals who have been honorably discharged from military service and who also have a service-connected disability of 60 percent or greater.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that this bill will likely result in a reduction of State revenues of approximately \$300,000 per year. Public documents from the DMAVA estimates that there are about 53,000 disabled veterans in the State. A State automobile or motorcycle driver’s license costs \$24 including the digital picture fee and is valid for four years. If disabled veterans are licensed at the same rate as the Statewide adult population, about 94.2 percent, 49,926 disabled veterans would newly be exempt from license fees. About 12,482 of them would be expected to renew their license each year, one quarter, because driver’s licenses are only renewed every four years. The cost of a four-year license is \$24, \$18 for the license and \$6 for the picture fee. This would result in an annual reduction in revenue of \$299,568, or about \$300,000.

In addition to the base license fee, the bill also exempts disabled veterans from various statutory license fees related to address changes, short term license extensions, replacement, and updated pictures. The frequency of these transactions by disabled veterans is not clear, but would likely be a much smaller percentage of license activity. To the extent that they do engage in these transactions they would increase the amount of forgone revenue above \$300,000.

It is also not clear that disabled veterans will be licensed at the same 94.2 percent rate as the general State population. Disabled persons are more likely to face mobility challenges, and are less likely to utilize a driver’s license. Information is not available to estimate the possible reduction in licensing rate among disabled veterans, but to the extent that it is lower, that would reduce the amount of foregone revenue.

Section: Authorities, Utilities, Transportation and Communications
Analyst: Patrick Brennan
Principal Fiscal Analyst
Approved: Thomas Koenig
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).