

Date of Hearing: April 5, 2021

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 1503 (Santiago) – As Amended March 25, 2021

SUBJECT: Digital driver’s licenses and identification cards

SUMMARY: Authorizes the Department of Motor Vehicles (DMV) to conduct a pilot program for the authorization of digital driver’s licenses (DL) and identification cards (ID). Specifically, **this bill:**

- 1) Permits, but does not require, DMV to conduct a pilot program for the authorization of mobile or digital DL or ID cards, subject to all of the following requirements:
 - a) The alternative licenses are approved by the California Highway Patrol (CHP).
 - b) The pilot program is limited to no more than 0.5% of the licensed drivers for the purposes of the evaluation.
 - c) The alternative products evaluated are provided at no cost to the state.
 - d) The participants in the program participate in a voluntary fashion.
- 2) Requires the pilot program to be completed by January 1, 2028.
- 3) Limits the data exchanged between DMV and the provider of any electronic device to be limited to the data necessary to display the information necessary for a DL or ID.
- 4) Authorizes the pilot program to include REAL ID cards upon authorization of the United States Secretary of Homeland Security.
- 5) Requires DMV to submit a report to the Legislature on the pilot program by July 1, 2026 that evaluates the following:
 - a) The cost effectiveness of the alternatives used in the pilot program.
 - b) An evaluation of the alternative device and if the product is able to retain information relating to the movement or location, and if so, what security features are in place to protect against unauthorized access to information.
 - c) Recommendations for subsequent actions, if any, that should be taken with regard to alternatives evaluated in the pilot program.

EXISTING LAW:

- 1) Requires a driver to carry their valid driver’s license at all times when driving a motor vehicle upon a highway.
- 2) Requires a motorist to present their license for examination upon demand of a peace officer enforcing the Vehicle Code.

- 3) Authorizes DMV to issue ID or DL to individuals provided they can satisfy certain requirements.

Existing federal law:

- 1) Establishes minimum standards for the production and issuance of state-issued DLs and IDs in order to board a plane or gain access to certain federal facilities. This law is commonly referred to as the REAL ID Act.
- 2) Explicitly authorizes the use of digital or mobile DL or ID for the purposes compliance with the REAL ID Act.

FISCAL EFFECT: Unknown

COMMENTS: Today's wallet is increasingly going digital. Apple Pay and Android Wallet allow users to upload their credit cards to their smart phones and use their phone instead of a card for in-person or online credit card transactions. Following that trend, in 2015, Iowa became the first state to authorize a pilot program for digital DL and IDs. The following year Louisiana became the first state to authorize the use of digital DLs and IDs. A total of 11 states have either authorized or are currently conducting a pilot program authorizing the use of digital DLs or IDs. In December of 2020, the REAL ID Act of 2005 was explicitly amended to authorize the use of digital DL and ID cards.

According to the author, "Physical ID cards are often lost or stolen, leaving someone without a proper form of ID while they wait for a replacement, which can take several weeks. Digital IDs will provide Californians convenience and security while eliminating the long wait time for a replacement, ensuring that Californians always have their IDs with them. AB 1503 will also allow people to safeguard their private information from fraudsters and will bring California to the forefront of this technological advancement."

Californians have a tendency to lose or have their DL or ID cards stolen in high numbers. In 2019 DMV issued 866,564 duplicate licenses. In 2020 they issued 690,279 duplicate licenses. A digital card may be harder to lose or cut down on the need to replace a lost card.

In 2015, Governor Brown vetoed AB 221(Dababneh), which would have required DMV to study the feasibility of implementing a digital DL. In his veto message, the Governor wrote:

"While the idea of a digital license sounds innovative, it poses numerous technical difficulties. Given the many new responsibilities that the Department of Motor Vehicles is already dealing with, I don't believe this bill is advisable."

To get around the challenges posed by AB 221, this bill authorizes a private company to develop a pilot program and requires it to come at no cost to the state, similar to the pilot authorized by SB 806 (Hueso), Chapter 569, Statutes of 2013, which authorized DMV to establish a pilot program to evaluate the use of alternatives to license plates, registration stickers, and registration cards. In that pilot program, Vitu developed digital vehicle registration cards. It is possible that

Vitu, or another DMV business partner, may be interested in developing a digital driver's license as well.

Nonetheless, DMV is currently facing fiscal constraints. The Motor Vehicle Account (MVA), which is the primary funding source for DMV and CHP faces a structural budget shortfall and the Department of Finance estimates it will be insolvent in 2024-25. Any reduction in these fees would hasten insolvency of the MVA and potentially negatively impact the DMV and CHP. DMV may still have to promulgate regulations in order to implement this pilot, should it chose to do so.

Double referral: Should this bill pass this committee it will be referred to the Committee on Privacy and Consumer Protection.

Related legislation: AB 984 (Luz Rivas) of 2020, makes permanent the pilot program for alternative license plates and registration cards. That bill is pending before this committee.

Previous Legislation: SB 806 (Hueso), Chapter 569, Statutes of 2013, authorized DMV to establish a pilot program to evaluate the use of alternatives to license plates, registration stickers, and registration cards.

AB 221(Dababneh) of 2015, would have required DMV to study the feasibility of implementing a digital DL. That bill was vetoed by Governor Brown.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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