

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 378** HLS 19RS 534
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 23, 2019	9:48 AM	Author: JAMES
Dept./Agy.: Statewide		Analyst: Alan M. Boxberger
Subject: Provides relative to the creation of digitized credentials		

ADMINISTRATION EG1 SEE FISC NOTE GF EX See Note Page 1 of 1
 Provides relative to the creation of digitized credentials

Proposed law provides for authorization for the digitization of any credential authorized or required by the state; provides that a digitized credential is as valid as a tangible credential; provides that a screen shot or copy of a credential is not a valid credential; requires that the credential be viewed through the application in the electronic wallet; provides that permission to view a digitized credential does not qualify as permission to search the mobile device or otherwise access additional data; requires the commissioner of administration to promulgate rules and regulations to implement the program in order to provide for accessibility of digitized credentials through an application in an electronic wallet; and provides for an effective date.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law may create an indeterminable but potentially significant expenditure impact at the aggregate level statewide associated programming costs to make certain credentials available in a digitized format. **Proposed law** authorizes but does not direct that any credential authorized or required by the state may be made available in a digitized format on a program which a user can utilize through an electronic wallet, and defines a credential as any document, certificate, identification, license, permit or card indicating a user's status, right, privilege, classification, permission, entitlement, authority or coverage. To the extent that **proposed law** is permissive, it does not effectuate an expenditure increase unless and until a state agency or entity moves to digitize certain credentials.

The LFO surveyed most state agencies and received varied responses, but generally agencies indicated that the bill's permissive nature will not create a material expenditure impact and that if an agency were to decide to offer a digitized credential the implementation could largely be accomplished with existing resources. The Office of Technology Services reports that any individual implementation could likely be accomplished within existing staffing and budgetary resources in most cases. The costs of such implementation would vary, but OTS estimates that the more complex integrations would likely not exceed \$50,000 each for programming efforts to allow a third party vendor access to a credential for display through a digital wallet. The number of state entities that may elect to offer a digitized credential and the number of credentials that would be offered digitally are indeterminable. To the extent that state entities elect to offer a digitized credential, statewide expenditures may increase by a potentially significant amount across multiple means of finance, but noted as SGF in the revenue box above for simplicity.

For informational purposes, the state currently has a contract with a third party application developer to deliver an electronic credential for driver's licenses and official identification cards issued by the OMV. The contract allows the vendor to access the electronic record for display through its electronic wallet, but the vendor collects revenues directly from interested users to pay its costs. The LFO assumes that similar arrangements or contract would be made for future digitized credentials, and the only expenditures incurred would be the one-time, front end programming changes necessary for the vendor to access relevant records.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The commissioner of administration will be tasked with promulgating rules and regulations to implement the digitized credential program and to develop the accessibility of any digitized credential available for use in an electronic wallet. The fee to install the application to display a digitized credential shall not exceed \$6. The LFO assumes this cost would be paid directly by interested users to a third party vendor and would not result in a direct increase in state revenues based on similar previously adopted measures.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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