

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0844-02
Bill No.: Perfected SS for SB 220
Subject: Business and Commerce: Electronic Transactions
Type: #Corrected
Date: April 24, 2001
 #To correct administrative effect on Office of Information Technology

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All State Funds</u>#	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All Federal Funds</u>	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Insurance**, the **Department of Revenue**, the **Department of Transportation** and the **Department of Conservation** stated that they did not expect any direct fiscal or administrative impact due to the proposal.

Officials from the **Secretary of State's Office (SOS)** assume the rules, regulations and forms issued by the Office of Information Technology could require as many as 16 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$984 for FY 2002. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of the **Office of Administration's Office of Information Technology (OIT)** would implement the proposal using contracted consultants. OIT would oversee statewide use of electronic transactions. This would comprise determining technical implications, developing security policies, reviewing and recommending standards, and promoting security and interoperability. OIT would use consultants from existing state contracts to produce recommendations for implementation and technical standards. OIT officials also noted that they would require significant ongoing efforts maintain standards and ensure legal compliance. The state government would need a variety of standards to ensure appropriate levels of use and compliance for different applications. OIT would also continually review national standards to ensure and extend electronic processes. They also note that the state is currently involved in a project to promote electronic commerce.

OIT officials would request additional resources for ongoing implementation of this proposal through decision items in budget requests, as needed. Consulting expenses were projected using existing contracts rates for security consulting services, including project management and travel expenses. OIT officials estimate the initial implementation would take twelve months.

#Oversight notes that the proposal does not contain the sections requiring the OIT to determine

ASSUMPTION (continued)

whether and to what extent a governmental agency would create and retain electronic records and convert written records to electronic records; whether and to what extent a government agency would send and accept electronic records and signatures; specify standards and control processes for electronic signatures; or to encourage and promote consistency and interoperability of standards adopted by other states.

#The duties for OIT are not included in this proposal and the direct administrative impact of the proposal should be zero.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
#	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could affect small businesses which would use electronic documents.

DESCRIPTION

This proposal would repeal the Missouri Digital Signatures Act (sections 28.600 through 28.684, RSMo) and replace it with the Uniform Electronic Transactions Act which would provide standards to make electronic transactions as enforceable as paper transactions if the parties involved agree to transact electronically.

The Act would not apply to transactions governed by laws governing wills, codicils or testamentary trusts and transactions covered by the Uniform Commercial Code other than sections 400.1-107, 400.1-206, 400.2-101 to 400.2-725, and 400.2A-101 to 400.2A-532.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. The proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Office of Administration - Office of Information Technology
Department of Transportation
Department of Insurance
Department of Conservation
Department of Revenue
Secretary of State



Jeanne Jarrett, CPA
Director
April 24, 2001