

February 15, 2023

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2388 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2388 is respectfully submitted to your committee.

HB 2388 would amend regulations regarding occupational licenses. A licensing body is currently required to issue a license. The bill would specify that the license would be a paper-based and a verified electronic license. An applicant who holds a valid current license in another state, district, or territory of the United States would receive a paper-based and verified electronic license. The bill would require licensing bodies to utilize a central electronic record system to issue, revoke, suspend, and maintain oversight of electronic credentials. The electronic verification system must have an instantaneous verification system for the purpose of instantly verifying the authenticity and validity of electronic credential. Electronic credential systems would maintain an auditable record of credentials issued by each licensing body.

The Board of Barbering states that bill would require the agency to create and maintain a new database. The agency currently does not have the funds to create or support such a database. The agency cannot estimate the fiscal effect to purchase and maintain the database. The agency does state that revenues would be negligible because they do not charge a fee to send out electronic and paper licensure to reciprocal states.

The Office of the Attorney General states that the bill's provisions would require the agency to purchase additional software for its licensing and registration programs. The agency estimates it would need \$532,275 from the State General Fund in FY 2024 to purchase required software, hire a 0.50 FTE Administrative Specialist position, and for related operating expenditures.

According to the Board of Veterinary Examiners, it would need to hire a vendor to create and maintain a database as required by the bill. In addition, the agency would need to increase fees to cover the additional expenditures for the database. However, the agency cannot estimate the cost of a new system and related maintenance costs.

The Kansas Real Estate Commission states that since the bill would require paper-based credentials to be provided, the agency's expenditures would increase by over \$10,000 from its fee fund for FY 2024 because the agency discontinued this practice in FY 2018. The agency states that all license information is available electronically on the agency's website and therefore, would not require any additional resources for this item.

The Behavioral Science Regulatory Board states the passage of the bill would increase expenditures by \$5,000 from its fee funds for FY 2024 to mail a paper license for renewals. The agency currently sends paper license when initially licensed. The agency did not mention if it currently had an electronic system that would meet the requirements of the bill.

Abstracters' Board of Examiners has one part-time person and they do not have a website; therefore, the bill would require additional unknown expenditures to implement the provisions of the bill. The Board does not have the funds available to purchase the required system and would require State General Funds for the purchase and maintenance of the system.

The Board of Mortuary Arts, Board of Accountancy, Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments, and Board of Technical Professions currently do not have an electronic system as required by the bill. The agencies cannot estimate the cost to purchase and maintain such system. The agencies would either have to raise fees or request State General Funds to purchase and maintain the required system.

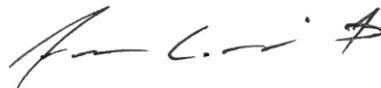
The Board of Examiners in Optometry does not currently have an electronic system as required by the bill. However, it is in the process of acquiring a system for this purpose. The Governor's budget recommendation for FY 2024 did include funding from its fee funds for this purpose, but the cost to acquire and maintain the entire system is unknown.

The Board of Healing Arts indicates that it is in the process of having all the professional licenses verified by a third party. Currently, nine of the 16 professions are verified by a third party. The agency states that even though it is working towards having all verified by a third party, not all would be converted to this process by July 1, 2023, and therefore would not meet the requirements of the bill.

The Kansas Dental Board states that it currently does not have a licensing system that would support the provisions of the bill. It would have to hire a vendor to create and maintain an electronic licensing system. The agency's budget submission requested \$130,000 for FY 2024 and \$135,000 for FY 2025 from its fee fund to create a system that should fit the requirements of this bill, and the Governor recommended the Board's request. The agency cannot estimate the ongoing yearly maintenance costs of the system.

The Insurance Department, Department of Education, Board of Cosmetology, Department for Aging and Disability Services, Board of Nursing, Department of Health and Environment, and Board of Pharmacy all state that the bill would not have a fiscal effect because the agencies already utilize a system that meets the requirements of the bill. Any fiscal effect associated with HB 2388 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Shawn Herrick, Abstracters Board of Examiners
Susan Somers, Board of Accountancy
Leigh Keck, Department for Aging & Disability Services
Cassiopeia Capps, Board of Barbering
David Fye, Behavioral Sciences Regulatory Board
Aubrie Pryer, Board of Cosmetology
Charity Carlat, Dental Board
Craig Neuenswander, Department of Education
Mark Shaver, Hearing Instruments Board of Examiners
Jan Murray, Board of Optometry
Susan Gile, Board of Healing Arts
Amy Penrod, Department of Health & Environment
Bobbi Mariani, Insurance Department
JW Carey, Mortuary Arts
Jill Simons, Board of Nursing
Alexandra Blasi, Board of Pharmacy
Erik Wisner, Kansas Real Estate Commission
Sally Pritchett, Real Estate Appraisal Board
Larry Karns, Board of Technical Professions
Mark Olson, Board of Veterinary Examiners
John Milburn, Office of the Attorney General