

February 25, 2025

The Honorable Mike Petersen, Chairperson
Senate Committee on Transportation
300 SW 10th Avenue, Room 546-S
Topeka, Kansas 66612

Dear Senator Petersen:

SUBJECT: Fiscal Note for SB 230 by Senate Committee on Transportation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 230 is respectfully submitted to your committee.

SB 230 would allow the Division of Vehicles in the Department of Revenue to establish or contract with an entity to create an electronic credentialing system for issuing an optional digital proof of driver's license or digital proof of identification card. The digital credentials would be considered supplemental to a physical driver's license and identification card. There would be a \$10 fee for issuing digital credentials. The digital credentials would be required to be accepted in lieu of a physical driver's license or identification card. The bill would require the digital credentials to be in a format that would allow verification of the authenticity of the digital credentials. The Secretary would adopt rules and regulations to ensure valid authentication.

The bill would specify the requirements for information transmitted to the digital credentials to be encrypted. The bill would specify requirements for use of information obtained in the process of viewing the digital credentials. The bill would also prohibit the person scanning the digital credentials from selling or sharing the personal information collected from scanning the digital credentials without the consent of the holder of the digital credentials. The Division would be allowed to impose a civil penalty not to exceed \$5,000 for each violation. The prohibition of selling or sharing personal information would not apply to banks, savings and loans, or trust companies. Under the bill, manufacturing false digital credentials would be a class B, nonperson misdemeanor. Possessing false digital credentials would be a severity level 9, nonperson felony.

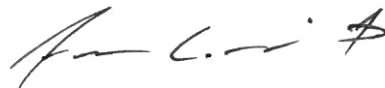
The bill would extend the authority of the Division of Vehicles or the Director of Vehicles regarding the administration of drivers' licenses, identification cards, and motor vehicle records to the Division's issuance and administration of digital credentials and the electronic credentialing system. The bill would also make technical changes.

The Department of Revenue estimates enactment of SB 230 would generate \$73,810 in State General Fund revenues, beginning in FY 2026. The estimate is based on 738,060 transactions for every license type that occurred in FY 2024. The agency assumes in FY 2026 that 1.0 percent of those transactions would be for digital credentials $[(738,060 \times 1\%) \times \$10 \text{ fee}]$. In addition, the agency indicates it would need to utilize the Request For Proposal process to select an appropriate vendor to program approved software for the issuance of the digital credentials. The agency would also need to train current staff members on the process of issuance of the digital credentials. The agency estimates it would require \$40,000 from the State General Fund in FY 2026 to create a webservice for data to travel between the agency and the vendor and to create secure lines between the agency and the vendor.

The Kansas Sentencing Commission estimates that enactment of SB 230 could have an effect on prison admissions, bed space, and workload of the Commission; however, any fiscal effect would be negligible. The Department of Corrections indicates any fiscal effect of enactment of the bill would be negligible.

The Office of Judicial Administration states SB 230 could increase the number of cases filed in the district courts because the bill creates two new crimes. This would increase time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. Since these crimes carry lower-level penalties, there could also be additional supervision of offenders by court services officers. Enactment of the bill could increase the collection of docket fees, fines, and supervision fees that would be deposited into the State General Fund. The agency indicates that it is unable to estimate a precise fiscal effect. The Kansas Highway Patrol indicates the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with SB 230 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Trisha Morrow, Judiciary
Jennifer King, Department of Corrections
Scott Schultz, Kansas Sentencing Commission
Sherry Macke, Kansas Highway Patrol