

February 14, 2024

The Honorable Shannon Francis, Chairperson
House Committee on Transportation
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Francis:

SUBJECT: Fiscal Note for HB 2762 by House Committee on Transportation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2762 is respectfully submitted to your committee.

HB 2762 would require the Division of Vehicles of the Department of Revenue to establish a secure and uniform system for issuing an optional digital proof of driver's license or digital proof of identification card. The Division could contract with one or more public or private entities to develop an electronic credentialing system. The bill outlines the requirements for the secure and uniform system and the requirements for the digital proof of driver's licenses and identification cards.

A person scanning a digital proof of driver's license or identification card would be prohibited from selling or sharing any personal information collected unless the person obtains and retains the express written consent of the holder. The bill specifies that an individual could consent to allow a person to collect and store information obtained by scanning either the digital proof of driver's license or identification card. Before an individual could give consent, the individual would be required to be informed regarding what information would be collected and the purpose for which the information would be used. If the individual does not want the person to scan their digital proof of driver's license or identification card, the person could manually collect the information. This provision would not apply to a state-chartered bank, savings and loan, or trust company. If any person is found to have violated this provision, in addition to any other civil penalty provided by law, the Director of Vehicles could impose an additional penalty not to exceed \$5,000 for each violation. Civil penalties would be credited to the State General Fund.

The bill would make it unlawful to manufacture a false digital proof of driver's license or identification card that has not been approved and authenticated by the Division of Vehicles or by another state's driver's license issuance authority. A violation of this provision would be a class B, nonperson misdemeanor. HB 2762 would also make it unlawful for any person for any purpose to possess a false digital proof of driver's license or identification card that has not been approved and authenticated by the Division of Vehicles, or, if the person is a nonresident, a false digital

proof of driver's license or identification card that has not been approved or authenticated by another state driver's license issuance authority. A violation of this provision would be a severity level nine, nonperson felony.

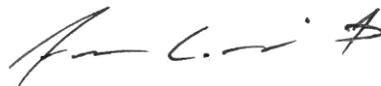
The Office of Judicial Administration states enactment of HB 2762 could increase the number of cases filed in district court because it creates new crimes, which could result in more time spent by court employees and judges processing and deciding these cases. Since these crimes carry lower-level penalties, there could be additional supervision of offenders required to be performed by court service officers. According to the Office, a fiscal effect cannot be estimated until the Judicial Branch has had an opportunity to operate under the bill's provisions. The Office estimates enactment of the bill could result in the collection of docket fees, civil fines, and supervision fees in those cases filed under the bill's provisions, which would be credited to the State General Fund.

The Department of Revenue indicates enactment of the bill would not provide the agency the authority to begin the design and issuance of digital proof of driver's licenses or identification cards. According to the Department, the bill would provide the agency with a basic initial framework to move forward in reviewing the opportunities for electronic credentials. The immediate administrative effect to the Division of Vehicles would be the establishment of an official working group, which would be comprised of lawmakers, law enforcement, agency information technology staff, Division of Vehicles staff, Alcoholic Beverage Control staff, and representatives of businesses who would be interested in the use of electronic identification to research and recommend further legislation with increasingly detailed law governing the issuance of digital proof of driver's licenses and identification cards.

The Kansas Sentencing Commission estimates enactment of the bill could have an effect on prison admissions and beds; however, the Commission cannot estimate what that effect would be.

The Kansas Department of Transportation indicates enactment of the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with HB 2762 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Trisha Morrow, Judiciary
Lynn Robinson, Department of Revenue
Brendan Yorkey, Department of Transportation