

- SUBJECT:** Revising the TexasOnline Authority
- COMMITTEE:** Government Reform — favorable, with amendments
- VOTE:** 4 ayes — Swinford, Allen, Casteel, T. Smith
- 0 nays
- 3 absent — Gallego, Callegari, R. Cook
- SENATE VOTE:** On final passage, May 1 — 31-0, on Local and Uncontested Calendar
- WITNESSES:** No public hearing
- BACKGROUND:** The 77th Legislature in 2001 enacted SB 187 by Shapleigh, creating the TexasOnline Authority to establish an electronic licensing system for 23 state agencies that issue occupational licenses. The authority's board comprises 15 members representing the comptroller, the Department of Information Resources, other state agencies, local governments, regulated businesses, and the public, who must meet at least quarterly.
- Government Code, sec. 2054.111 requires some state agencies to consider using the TexasOnline project for agency services provided on the Internet, including financial transactions; applications for licenses, permits, registrations, and other related documents from the public; electronic signatures; and any other applications that require security. A state agency or local government that uses the project may charge a user fee if necessary to recover actual costs. The authority must approve the fee amount. Certain state licensing agencies must administer a common electronic system using the Internet with which the agency can:
- electronically send occupational licenses and other documents;
 - receive applications for occupational licenses and other documents for filing, including documents that can be signed electronically if necessary; and
 - receive required payments from people regulated by the authority and from the public.

Sec. 2054.264 establishes the TexasOnline Division of the Department of Information Resources (DIR) to help the authority implement its powers and duties. The division charges subscription fees to participating state licensing agencies in amounts sufficient to cover the cost of implementing these and other TexasOnline functions. In turn, the licensing agencies must increase their occupational license renewal fees by an amount sufficient to cover the cost of the subscription fee, but not to exceed \$5 for an occupational license required to be renewed annually or \$10 for an biennial occupational license. The TexasOnline Division is subject to the Texas Sunset Act and will expire September 1, 2005, unless continued by the Legislature.

DIGEST:

SB 1152, as amended, would repeal the sunset provision for the TexasOnline Division. It would specify that a state agency or local government using the TexasOnline project could charge a fee if necessary to recover the actual costs for the use of electronic payment methods or for interfacing with other information technology systems. The fee could not include an amount to recover employee costs. The state agency or local government would have to approve the fee using its standard approval process for fee increases, and the chief financial officer would have to certify that the fee amount was necessary to cover actual project costs.

Eight additional agencies would have to use TexasOnline to exchange documents, receive applications, and allow payment by license holders: the Department of Public Accountancy, State Board for Educator Certification, Board of Professional Engineers, Department of Health, Board of Architectural Examiners, Racing Commission, Commission on Law Enforcement Officer Standards and Education, and Commission on Private Security. The authority could add more agencies as system capabilities were developed. The bill would require the licensing entities to increase their fees for permits or facilities licenses by the amount necessary to cover the cost of the subscription fee imposed by the TexasOnline Authority.

SB 1152 would change the composition of the board of the TexasOnline Authority by adding two public members and removing a member from DIR and the comptroller, who would serve ex officio. The governor would have to designate the presiding officer to serve at the governor's pleasure.

The bill also would:

- authorize governments using TexasOnline to engage in electronic payment methods, including acceptance of credit and debit cards;
- require government agencies under most circumstances to notify the authority before contracting with a third party for an application that duplicated a TexasOnline function;
- require agencies with Internet sites to include a link to TexasOnline on the main page of the site;
- include “permit” as a license type subject to renewal through TexasOnline by designated agencies;
- repeal a general authorization for the TexasOnline Authority to charge fees for its service;
- authorize the authority to charge a reasonable “convenience fee” to license holders that use TexasOnline if the transaction costs exceed the maximum increase in TexasOnline occupational license fees that licensing agencies must assess;
- allow renewal of a motor-vehicle registration using TexasOnline; and
- require DIR, in cooperation with the secretary of state, to study the feasibility of providing notary public service on the Internet.

The authority could exempt a licensing entity from participating in the online licensing system if the authority determined that the agency had established an Internet portal that allowed online licensing and other functions or that online license renewal for the licensing entity would not be cost-effective or in the best interest of the TexasOnline project.

The bill also would enact miscellaneous provisions governing conflicts of interest, intellectual property rights, and authentication of identities using the Department of Public Safety’s database.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.

NOTES:

Committee amendments to the Senate engrossed version of SB 1152 would require the governor to designate the presiding officer of the TexasOnline

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Authority to serve at the governor's pleasure and would allow the authority to hold an open or closed meeting by telephone in conformity with existing law.