

## **BILL ANALYSIS**

Senate Research Center

H.B. 984  
By: Hochberg (Sibley)  
Jurisprudence  
5-12-97  
Committee Report (Amended)

### **DIGEST**

Currently, state law does not recognize electronic equivalents for handwritten signature. Electronic data interchange and electronic financial transactions are becoming more common in both the public and private sector, and digital signatures are necessary to authenticate data and verify the identity of participants. This bill will provide regulations regarding the use of digital signatures.

### **PURPOSE**

As proposed, H.B. 984 provides regulations regarding the use of digital signatures.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Department of Information Resources in SECTION 2 (Section 2054.060(a), Government Code) and to the governing body of a local government in SECTION 2 (Section 2054(b), Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 2A, Business & Commerce Code, by adding Section 2.108, as follows:

Sec. 2.108. DIGITAL SIGNATURE. Provides that a written electronic communication sent from within or received in this state in connection with a transaction governed by this chapter is considered signed if a digital signature is transmitted with the communication. Provides that this section does not preclude any symbol from being valid as a signature under other applicable law, including Section 1.201(39). Provides that the use of a digital signature under this section is subject to criminal laws pertaining to fraud and computer crimes, including Chapters 32 and 33, Penal Code. Defines "digital signature."

SECTION 2. Amends Chapter 2054C, Government Code, by adding Section 2054.060, as follows:

Sec. 2054.060. DIGITAL SIGNATURE. Authorizes a digital signature to be used to authenticate a written electronic communication sent to a state agency if it complies with rules adopted by the Department of Information Resources (department). Requires the department, before adopting the rules, to consult with certain persons regarding the content of the rules. Requires the department, when adopting the rules, to consider certain factors. Authorizes a digital signature to be used to authenticate a written electronic communication sent to a local government if it complies with rules adopted by the governing body of the local government (governing body). Requires the governing body, before adopting the rules, to consider the rules adopted by the department and, to the extent possible and practicable, to make the governing body's rules consistent with the department's rules. Defines "digital signature," "local government," and "state agency." Makes conforming changes.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.

## **SUMMARY OF COMMITTEE CHANGES**

### Amendment 1.

(1) On page 3, line 5, between "791.003" and the period, insert ", but does not include an agency in the judicial branch of local government".

(2) On page 3, after line 5, add the following new subsection:

"(3) "State agency" does not include an agency in the judicial branch of state government."