

SUBJECT: Authorizing the TexasOnline Authority and Project

COMMITTEE: State Affairs — favorable, with amendment

VOTE: 13 ayes — Wolens, S. Turner, Bailey, Brimer, Counts, Craddick, Danburg, Hunter, D. Jones, Longoria, McCall, McClendon, Merritt

0 nays

2 absent — Hilbert, Marchant

SENATE VOTE: On final passage, March 20 — 30-0

WITNESSES: (*On House companion, HB 578:*)
For — Janis Carter, Ezgov and Sun Microsystems; Gary Miglicco, KPMG Consulting, Inc.; Kevin Shore, Cisco Systems; Richard Wuest, Epic Edge;
Registered but did not testify: Ken Harrell, IBM Corporation; Bob Kamm, Travis County Commissioners Court; Randy Lee, Stewart Title Guaranty Co.; Douglas Logan, Compaq Computer Corporation; Maury Medina, Veritas Software; Mariana Morelock, Strategic Partnerships; Sanjay Nasta, Andrew Weaver, Micro Assist, Inc.; Bill Rogers, KPMG Consulting, Inc.; Jason Albrecht; Tom Clark; William Crocker; Jeff Martin

Against — None

On — Phil Barrett, Carolyn Purcell, Department of Information Resources; C.J. Brandt

BACKGROUND: The 76th Legislature enacted SB 974 by Shapleigh, creating the Electronic Government Task Force to assess the feasibility of establishing an Internet portal for state-to-state and citizen-to-state transactions. The governor appointed the task force members. The competitive bidding process required the project to be secure and cost free to the state. The contractor's investment is covered by convenience fees charged to users. The state shares in the revenue produced through these fees.

TexasOnline currently provides certain services for the:

- ! Texas Department of Insurance — insurance agent licensing search, insurance agent renewal;
- ! Comptroller's Office — vehicle registration, Texas tomorrow fund, corporation search;
- ! Real Estate Commission — real estate agent license renewal, broker license renewal;
- ! Board of Veterinary Medical Examiners — medical examiners licensing, web site hosting;
- ! Department of Licensing and Regulation — AC and refrigeration contractors renewal; and
- ! Texas Natural Resource Conservation Commission — events registration.

TexasOnline also allows residents of Brazoria, Grayson, Harris, Liberty, Lubbock, Montgomery, Travis, and Williamson counties to register their vehicles, using a program developed by the Texas Department of Transportation. Services under development include services for the Department of Public Services (driver's license renewal, concealed handgun license renewal) and Worker's Compensation Commission (insurance coverage query, web site hosting), and the city of Houston (utility bill payments, parking/traffic ticket payments, e-procurement).

The project provides common infrastructure services to participating governmental units, including a call center/help desk, outreach, marketing, web site security, 24-7 availability, telecommunication services, bilingual web sites, application development services, access for the visually impaired, hardware and software, and a common payment system.

Under Government Code, sec. 2054.062, the Task Force will be abolished, and its authority will expire, September 1, 2001.

DIGEST: SB 187, as amended, would continue and expand the TexasOnline demonstration project.

Authority and project. The bill would establish the TexasOnline Authority and require it to implement the TexasOnline project, establishing a common

electronic infrastructure for state agencies and local governments to use to:

- ! send and receive documents and payments to and from individuals, regulated industries, and other agencies and local governments;
- ! receive applications for licenses, permits, and other documents from individuals and regulated industries that could be electronically validated when secure access was necessary; and
- ! provide and receive any other services to or from the agencies, local governments, or the public.

Composition of authority. The authority would be composed of 15 members, including:

- ! one representative from the Comptroller's Office;
- ! one representative from the Department of Information Resources (DIR);
- ! three local government representatives, including one from a junior college district;
- ! three representatives from regulated businesses, including one representative from a rural area;
- ! four representatives of state agencies, including an agency of higher education other than a junior college district and one representative from a rural area; and
- ! three public members.

All 15 members, except the ones from the Comptroller's Office and DIR, would be appointed by the governor. The authority would be advised by a representative of the state auditor. Members would serve for staggered terms of six years. Five members' terms would expire on February 1 of each odd-numbered year. The DIR representative would be the presiding officer.

Meetings, reimbursement, training. The authority would have to meet at least quarterly, and members could not be compensated for other than travel expenses. Not later than six months after the date on which a member was appointed, the member would be required to complete training regarding enabling legislation, department rules, programs, authority functions, budget, audit report, open meetings law, public information law, administrative procedure law, laws related to public officials, and any ethics policies adopted by the authority or the Texas Ethics Commission.

Officers and other entities responsible for making appointments would have to make their initial appointments not later than October 31, 2000. The governor would designate initial terms ending on February 1, 2003; February 1, 2005; and February 1, 2007. The authority could not hold its first meeting before November 1, 2001.

Powers and duties of authority. The authority would be required to:

- ! develop policies related to operation of the project;
- ! consider services to be provided by the project;
- ! operate and promote the project;
- ! manage contract performance;
- ! comply with financial requirements;
- ! oversee money generated for operation and expansion;
- ! develop pricing policies, including policies regarding fees a state agency or local government could charge for a transaction;
- ! evaluate participation;
- ! advise the department about the project; and
- ! coordinate security audits with DIR.

The bill also would require the authority to produce a report on the project's status, progress, benefits, and efficiency gains, and provide it to the governor, the presiding officer of each house of the Legislature, the chair of each committee in the Legislature with primary jurisdiction over DIR, and each state agency or local government participating in the project. DIR could require reports regarding financial matters.

Assistance. The authority would be required to assist state agencies and local governments with potential funding sources, use of the project, and integrated project planning; and assist the Legislature with coordination of electronic initiatives.

Project use. State agencies would be required to consider using the 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. The bill would require a state agency choosing not to use the

project to provide documentation to the authority that showed the services and security required by the agency, as required by the authority. The bill would require a state agency choosing to use the project to comply with DIR rules, including any rules regarding appearance of the agency's internet site, ease of site use, and use of the authority symbol or identifying device.

Fees. A state agency or local government using the project could charge a fee if the fee was necessary to recover the costs directly and reasonably incurred because of the project and the authority approved the amount. A local government could not charge a fee that otherwise was prohibited by the Local Government Code.

Security review. Each state agency would have to review its forms, data collection, and notarization requirements when planning delivery of a service through the Internet to determine the necessity of the information and the appropriate level of authentication. The bill would require the agency to eliminate unnecessary requirements and adjust security to the appropriate level.

Advertising study. The authority would have to study the feasibility of advertising and provide a report to the presiding officer of each house of the Legislature, the chair of each committee in the Legislature that has primary jurisdiction over the DIR, and the governor not later than November 1, 2002.

Rules and policies. The authority would make rules regarding project operation for the DIR board to consider. The board would have discretionary authority to adopt those rules.

The authority would adopt an icon, symbol, brand, or other identifying device to represent the project. DIR would create a division and designate it "TexasOnline" to assist the authority in implementing its powers and duties.

The authority would develop and implement policies clearly separating policymaking by the authority and management by the division.

The authority could request and accept a gift or grant from any person.

Other law. Government Code, ch. 2110 relating to state agency advisory committees, would not apply to the authority. The bill would amend the law enacted last session to abolish the task force and extend its expiration date to November 1, 2001.

Effective date. 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, 2001.

SUPPORTERS
SAY:

The self-funding model created for the TexasOnline pilot project continues to be viable and should be extended permanently, as SB 187 would do, by creating the new TexasOnline Authority. More than half of the states with similar projects employ a self-funding model based on convenience fees. A majority of Texans (67 percent) use the Internet and would find convenience fees acceptable if they were less than \$10. Businesses are increasing their use of the Internet and also would be willing to pay convenience fees for access.

TexasOnline would be convenient and provide benefits to both state agencies and Texas citizens and businesses. It would provide "one stop shopping" for a variety of state services that would be accessible all the time. It also would remain accessible as it already is bilingual and ADA compliant.

TexasOnline would continue to offer the best security available, accept credit cards and electronic checks, and save government units money through economies of scale gained by a shared infrastructure.

TexasOnline would be optional. No individual or business would be required to use TexasOnline for government transactions.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

The committee amendment would clarify use of donations by the authority and require representation from a junior college district and a rural area.

The fiscal note assumes the fee would raise \$278,261 in fiscal 2002 and \$306,087 in fiscal 2003, more than covering the project's costs.