

SESSION OF 2023

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2388

As Amended by House Committee on
Commerce, Labor and Economic Development

Brief*

HB 2388, as amended, would require licensing bodies to provide verified electronic credentials, in addition to paper-based credentials, to all credential holders and utilize a central electronic record system.

***Paper-based and Verified Electronic License,
Registration, or Certification***

The bill would require licensing bodies to provide paper-based and verified electronic credentials to persons regulated by the licensing body.

The bill would require licensing bodies, upon submission of a completed application, to issue a paper-based and verified electronic license, registration, or certification to an applicant so that the applicant may lawfully practice the person's occupation.

The bill would also require that an applicant who holds a valid current license, registration, or certification in another state, district, or territory of the United States receive a paper-based and verified electronic license, registration, or certification if certain conditions are met.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Central Electronic Credential System

The bill would require licensing bodies to utilize a central electronic record system to issue, revoke, suspend, and maintain oversight of electronic credentials. The system would include an instantaneous verification system that is operated by the licensing body or its agent for the purpose of instantly verifying the authenticity and validity of electronic credentials issued by the licensing body.

The bill would require the electronic credential systems to maintain an auditable record of credentials issued by each licensing body.

Exception for Certification of Law Enforcement Officers

The bill would exempt the certification of law enforcement officers pursuant to the Kansas Law Enforcement Training Act from the credentialing provisions related to military servicemembers, military spouses, and individuals establishing residency in Kansas, including the electronic credentialing requirements,.

Definitions

The bill would define the term “electronic credential” to mean an electronic method by which a person may display or transmit to another person information that verifies a person’s certification, licensure, registration, or permit. The bill would also define the term “verification system” to mean an electronic method by which the authenticity and validity of electronic credentials are verified.

Background

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of a representative of ASPIRE.

***House Committee on Commerce, Labor and Economic
Development***

In the House Committee hearing, **proponent** testimony was provided by a representative of ASPIRE. The proponent stated the bill would provide a centralized digital infrastructure for license and credential reciprocity and would help support military spouses.

Neutral testimony was provided by a representative of the Kansas State Board of Nursing.

No other testimony was provided.

The House Committee amended the bill to exempt the certification of law enforcement officers pursuant to the Kansas Law Enforcement Training Act.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Board of Barbering states the bill would require the agency to create and maintain a new database. The agency currently does not have the funds to create or support such a database. The agency cannot estimate the fiscal effect to purchase and maintain the database. The agency does state that revenues would be negligible because the agency does not charge a fee to send out electronic and paper licensure to reciprocal states.

The Office of the Attorney General states the bill's provisions would require the agency to purchase additional software for its licensing and registration programs. The agency estimates it would need \$532,275 from the State General Fund (SGF) in FY 2024 to purchase required software, hire a 0.50 FTE Administrative Specialist position, and for related operating expenditures.

The Board of Veterinary Examiners states it would need to hire a vendor to create and maintain a database as required by the bill. In addition, the agency would need to increase fees to cover the additional expenditures for the database. The agency cannot estimate the cost of a new system and related maintenance costs.

The Kansas Real Estate Commission states that since the bill would require paper-based credentials to be provided, the agency's expenditures would increase by over \$10,000 from its fee fund for FY 2024 because the agency discontinued this practice in FY 2018. The agency did not mention whether it currently had an electronic system that would meet the requirements of the bill.

The Behavioral Sciences Regulatory Board states passage of the bill would increase expenditures by \$5,000 from its fee funds for FY 2024 to mail a paper license for renewals. The agency currently sends paper licenses when initially licensed. The agency did not mention whether it currently has an electronic system that would meet the requirements of the bill.

The Abstracters' Board of Examiners indicates it has one part-time employee and does not have a website; therefore, the bill would require additional unknown expenditures to implement the provisions of the bill. The agency does not have the funds available to purchase the required system and would require SGF moneys for the purchase and maintenance of the system.

The Board of Mortuary Arts, Board of Accountancy, Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments, and Board of Technical Professions currently do not have an electronic system as required by the bill. The agencies cannot estimate the cost to purchase and maintain such system. The agencies would either have to raise fees or request SGF moneys to purchase and maintain the required system.

The Board of Examiners in Optometry does not currently have an electronic system as required by the bill. The agency is in the process of acquiring a system for this purpose. The Governor's budget recommendation for FY 2024 did not include funding from its fee funds for this purpose, but the cost to acquire and maintain the entire system is unknown.

The Board of Healing Arts indicates that it is in the process of having all the professional licenses verified by a third party. Currently, 9 of the 16 professions are verified. The agency states that even though it is working towards having all licenses verified by a third party, not all would be converted to this process by July 1, 2023, and therefore would not meet the requirements of the bill.

The Kansas Dental Board states that it currently does not have a licensing system that would support the provisions of the bill. It would have to hire a vendor to create and maintain an electronic licensing system. The agency's budget submission requested \$130,000 for FY 2024 and \$135,000 for FY 2025 from its fee fund to create a system that should fit the requirements of the bill, and the Governor recommended the agency's request. The agency cannot estimate the ongoing yearly maintenance costs of the system.

The Insurance Department, Department of Education, Board of Cosmetology, Department for Aging and Disability Services, Board of Nursing, Department of Health and Environment, and Board of Pharmacy all state that the bill would not have a fiscal effect because the agencies already utilize a system that meets the requirements of the bill. Any fiscal effect associated with the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Electronic credentials; occupational licenses; electronic credential systems