

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2497

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Nixon

3. Committee: Science and Technology

4. Title: **Facilitation of electronic government**

5. Summary: The bill requires the Secretary of Technology to develop and implement strategies for the adoption of electronic government and electronic signature initiatives that would allow for the electronic submission of documents and forms, with a goal of adoption of electronic government initiatives by July 1, 2013. All state agencies would be required to identify such electronic government initiatives that could improve services to citizens and improve efficiencies as part of its strategic plan, and each agency would be required to report to the Secretary of Technology a list of all paper or electronic forms currently in use by the agency.

6. Fiscal Impact Estimates:

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	\$1,500,000		TBD
2011	\$1,500,000		TBD
2012	\$600,000		TBD
2013	\$600,000		TBD
2014	\$600,000		TBD
2015	\$600,000		TBD

6b. No Revenue Impact.

7. Budget Amendment Necessary: Yes. Item 63 would need additional appropriations.

8. Fiscal Implications: This bill supports development of strategies which support electronic submission of documents and forms, to include electronic signature, with adoption by July 1, 2013. This bill will likely have fiscal implications for the Virginia Enterprise Applications Program Office (VEAP) in the development of an enterprise solution, and for individual agencies as they develop integration solutions for the acceptance of digital data and signatures. In the long term, many agencies are likely to achieve cost avoidance of paper and storage costs as agencies reengineer their business processes to accept digital data instead of hardcopy forms. Also, hard copy forms usually require the keying of data into agency applications, sometimes at a significant cost to the agency. Additional cost avoidance may be experienced by eliminating form publication and handling.

Costs are estimated at a total of \$3 million in the first two years, which includes dollars for the infrastructure and software to support digital forms. This estimate is based on an actual implementation of a similar system for the state of Illinois. That system cost approximately \$5 million, so this was reduced on a comparison basis for Virginia's smaller size. Maintenance costs and fees are estimated to run at 20 percent of the implementation costs, or \$600,000 annually. It may be possible for this effort to be included within VEAP's shared service offerings.

The cost to develop and implement an electronic signature solution is not included within this impact statement. Numerous electronic signature and digital signature solutions exist within the market place. The costs of these solutions vary greatly, and are significantly impacted by the number of users. The costs per user decreases as users increase, but generally range from \$3.00 to \$10.00 per user per year. For example, using a high number of 500,000 users needing an electronic signature at the low-end cost of \$3.00 per user, the statewide cost would be estimated at \$1.5 million. At the other end of the spectrum, if only 50,000 users need the technology, the per user cost will likely be in the \$10 range, and the statewide cost would be estimated at \$500,000. There is not enough information at this time to even guess at the number of users Virginia would have.

9. Specific Agency or Political Subdivisions Affected: Virginia Enterprise Applications Program Office and all state agencies.

10. Technical Amendment Necessary: Yes, it is recommended the following amendment be added to the bill in section 2.2-5510, as paragraph A.6:

Coordinate electronic signature and electronic document efforts with the Director, Virginia Enterprise Applications Program (VEAP) to ensure such efforts comply with established standards.

11. Other Comments: None.

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