

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: SB1341

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Surovell

3. Committee: General Laws and Technology

4. Title: Digital certification of government records.

5. Summary: Requires state agencies to provide, via a website or upon request, copies of electronic records that contain a digital signature that electronically and visually assures that the document is authentic. An agency may charge a fee of \$5 for each digitally certified copy of a record. Such digital signatures shall comply with standards developed by the Secretary of the Commonwealth, in cooperation with the Virginia Information Technologies Agency. Any digitally certified record submitted to a court in the Commonwealth shall be deemed to be authenticated by the custodian of the record.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate, see Item 8.

8. Fiscal Implications: This legislation would require state agencies to create digitally signed records to ensure authenticity of the record. The Secretary of the Commonwealth, in cooperation with the Virginia Information Technologies Agency (VITA) would be required to develop standards for agencies using digital signatures. The development of standards is not expected to generate a fiscal impact.

The use of digital signatures will require use of a new digital key management system, also known as Public Key Infrastructure (PKI), which VITA indicates the agency would either need to develop or it will have to procure and pay for based on the number of licenses needed. VITA would need to bill agencies for their use of the system.

To ensure an appropriate discussion in this fiscal impact statement, it should be noted that from an information technology security standpoint, there is a difference between an electronic signature and a digital signature:

- An electronic signature is an electronic representation of a user's signature which may be affixed to a document or record with the intent of conveying that the document has been "signed." This method could be considered similar to providing a physical signature.
- A digital signature allows a user to affix a unique digital code to a document or record that provides a level of encryption and authentication. This method could be considered similar to having a physical signature verified by a notary public.

This fiscal impact statement will focus on the term “digital signature.” VITA notes that in order to digitally sign a document, a user is provided with a unique password or “private key” that allows the user to “sign” the document or record. A corresponding “public key” is provided to the intended recipients. Typically, a third party known as a Certification Authority issues and manages the public and private keys, as well managing documents known as trust certificates which are used to verify the validity of each public key. The combination of the two keys and verification via a trust certificate process allows the intended recipients to confirm the authenticity of the document and the sending user.

VITA indicates that the agency would require additional resources to either develop a key management system internally or to procure the system. VITA staff indicate that the costs of developing the PKI platform in-house or contracting for the service are similar and estimates such costs at between \$250,000 and \$500,000. VITA indicates that much of the cost will be determined by how many “keys” need to be developed and managed. For instance, if the intent of the bill of the legislation is that every state employee would have such a key that would be more expensive than if a smaller group of users were selected.

VITA staff also notes that agencies will likely have additional costs to update agencies’ applications and systems to accept digital signatures. At this time, it is not known how many applications and systems would need updating nor to what scale, thus these costs are currently indeterminate.

The bill allows state agencies to charge a fee not to exceed \$5 for a digitally certified copy of a record. It is indeterminate how much revenue this provision would generate as it is unknown how many such records would be requested.

9. Specific Agency or Political Subdivisions Affected: Secretary of the Commonwealth, Virginia Information Technologies Agency, all state agencies

10. Technical Amendment Necessary: Yes. Line 53 references an “electronic signature” whereas the rest of the bill refers to “digital signatures.” Due to the technical differences from an information technology standpoint between electronic and digital signatures, recommend that the terms be the same through the legislation.

11. Other Comments: None.

Date: January 30, 2017
File: SB1341