

SESSION OF 2023

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2388

As Further 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 verified electronic credentials to persons regulated by the licensing body not later than January 1, 2025.

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.

The bill would allow a licensing body to satisfy any requirement to provide a paper-based license, registration, certification, or permit by issuing an electronic credential to an

*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>

applicant in a format that permits the applicant to print a paper copy of such electronic credential. Such paper copy would be considered a valid license, registration, certification, or permit.

Central Electronic Record System

Subject to appropriations, the bill would require the Secretary of Administration (Secretary) to develop and implement a central electronic record system for the purpose of maintaining a central record of electronic credentials issued, renewed, revoked, or suspended by licensing bodies or that have expired or otherwise changed in status on or before January 1, 2025. The Secretary would be permitted to utilize the services or facilities of a third party for the central electronic record system.

The central electronic record system would include an instantaneous verification system that is operated by the Secretary or the Secretary's third party for the purpose of instantly verifying the authenticity and validity of electronic credentials issued by the licensing body. The bill would require the central electronic record system to maintain an auditable record of credentials issued by each licensing body. The bill would also require the central electronic record system to comply with the requirements adopted by the Information Technology Executive Council.

The bill would state that no charge for the establishment or maintenance of the central electronic record system shall be imposed on any licensing body or any person with a license, registration, certification, or permit issued by a licensing body.

The bill would also state that a licensing body would not be prohibited or prevented from developing, operating, maintaining, or using a separate electronic credential system of the licensing body or of a third party in addition to making reports to the central electronic record system or from

participating in a multi-state compact or a reciprocal licensure, registration, or certification process.

Reports from Licensing Bodies

Beginning January 1, 2025, each licensing body would be required to submit a report to the central electronic record system in the manner and format required by the Secretary indicating any issuance, renewal, revocation, suspension, expiration, or other change in status of an electronic credential that has occurred prior to the report or since a previous report. Such report would be required each business day and would include only information necessary to identify the electronic credential and to verify issuance or status change.

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” or “electronic certification, license or registration” to mean an electronic method by which a person may display or transmit to another person information that verifies the status of a person’s certification, licensure, registration or permit as authorized by a licensing body and is equivalent to a paper-based certification, license, registration or permit.

The bill would define the term “person” to mean a natural person.

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.

On February 20, 2023, the House Committee amended the bill to exempt the certification of law enforcement officers pursuant to the Kansas Law Enforcement Training Act.

On February 22, 2023, the bill, as amended by the House Committee, was withdrawn from the House Calendar and referred to the House Committee on Appropriations. On March 1, 2023, the bill was withdrawn from the House Committee on Appropriations and rereferred to the House Committee on Commerce, Labor and Economic Development.

On March 6, 2023, the House Committee further amended the bill to:

- Change the definition of “electronic credential” to include “electronic certification, license or registration” and mean an electronic method by which a person may display or transmit to another person information that verifies the status of a person’s certification, licensure, registration or permit as authorized by a licensing body and is equivalent to a paper-based certification, license, registration or permit;
- Define the term “person”;
- Allow for the paper credentialing requirement to be met if applicants can print a paper copy of their electronic credential;
- Require licensing bodies to provide verified electronic credentials to persons regulated by the licensing body not later than January 1, 2025;
- Require the Secretary to develop and implement a central electronic record system or utilize a third party’s services or facilities to maintain a central record of electronic credentials, on or before January 1, 2025, and subject to appropriations;
- Require licensing bodies to provide reports indicating any issuance, renewal, revocation, suspension, expiration, or other change in status of an electronic credential to the central electronic record system in the manner and format required by the Secretary beginning January 1, 2025;
- Prohibit licensing bodies and any person with a license, registration, certification, or permit issued by a licensing body from being charged for the establishment or maintenance of the central electronic record system; and

- Provide that a licensing body would not be prohibited or prevented from developing, operating, maintaining, or using a separate electronic credential system in addition to making reports to the Secretary or participating in a multi-state compact or a reciprocal licensure, registration, or certification process.

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 is 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.

A revised fiscal note on the amended bill was not immediately available. 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;
Secretary of Administration