

- SUBJECT:** TexasOnline fees, organization, and use by DPS
- COMMITTEE:** Government Reform — committee substitute recommended
- VOTE:** 5 ayes — Uresti, Otto, Frost, Hunter, Veasey
0 nays
2 absent — Y. Davis, Gonzales
- WITNESSES:** For — Melodye J. Gatling, (*Registered, but did not testify:* Brenda Ackarman-Sioson, MCI; Michael Emerson; Linda Gatling; Robbin Gatling; Randal Hartsfield, BEA Systems, Inc.; Aaron Iacobucci; Robert McManis, Hewlett Packard; Mike Parr; Bill Rogers; Randy Russell; Richard Soule; James Templeton, Bearing Point, Inc.)
Against — None
On — Robert Burroughs, Texas Department of Public Safety
- BACKGROUND:** The Department of Information Resources (DIR) provides staff for the TexasOnline Authority, which oversees Texas Online. The 77th Legislature in 2001 enacted SB 187 by Shapleigh, which expanded the use of the TexasOnline project begun in 2000. TexasOnline now allows Texans to renew their driver's licenses, vehicle registrations, and occupational licenses online. It also offers access to a variety of other services that have been added as new needs have been identified. Applicants for occupational license issuance and renewal are charged a fee of \$5 per year for TexasOnline costs, and authorization for this fee is set to expire September 1, 2005. State agencies and local governments also may charge additional fees for use of other TexasOnline services.
- DIGEST:** CSHB 2593 would authorize the TexasOnline Authority to develop project pricing policies regarding any fees that the authority could charge on transactions. The authority would set fees that a state agency or local government could charge for a transaction that used TexasOnline. The fees would have to be set at amounts sufficient to recover the direct and indirect costs of the project and provide a reasonable rate of return. A fee set by the authority for using the project would be in addition to any other

statutory fees. The revenue collected from the fees would be used to support the project, including the recovery of project costs. A state agency or vendor would collect all fees charged to use TexasOnline and forward to the state an amount equal to the state's share of the fees.

The TexasOnline Authority could not charge a subscription fee for services until those services were available on the Internet. A person that paid a fee for using TexasOnline could recover the fee in the ordinary course of business.

Any method could be used to send and receive documents and payments through TexasOnline.

The Department of Public Safety (DPS) could adopt rules to require an inspection station to use TexasOnline to purchase inspection certificates or send DPS a record, report, or other required information.

Provisions governing a separate TexasOnline division within DIR would be repealed and conforming changes would be made. The bill also would repeal the September 1, 2005, expiration date for the fees on the issuance and renewal of occupational licenses for the purpose of funding TexasOnline costs.

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 the 91st day after the end of the regular session (August 29, 2005).

**SUPPORTERS
SAY:**

TexasOnline offers a secure, reliable infrastructure to deliver services to citizens and governmental entities 24 hours a day. As TexasOnline and partnering entities have worked together, the need has become apparent to clear up confusing provisions in the enabling statute so that interactions between the authority, state agencies, and the private contractor creating and maintaining the web portal are maximally effective and efficient. CSHB 2593 would facilitate streamlining interactions between TexasOnline, state agencies, other governmental entities, and the public.

In addition, CSHB 2593 would help make Texas roads safer and the air cleaner. Texas currently has approximately 9,900 inspection facilities that offer inspections for about 14.7 million vehicles. DPS receives approximately 13,000 paper safety inspection logs each week and must handle the administrative burden of processing these records and storing

them for four years. CSHB 2593 would allow for the automation of the motor vehicle inspection process to reduce administrative burdens and make data currently on paper documents available in databases. This would help DPS monitor and track safety inspection data in real-time providing data to enhance enforcement of the safety and vehicle emissions programs.

This bill appropriately would repeal the expiration of the fees assessed to applicants for occupational licensing. Since online licensing processes have been implemented, the system has been successful in increasing administrative efficiency for agencies and decreasing the amount of time it takes for applicants to obtain or renew their licenses. Maintaining TexasOnline fees assessed on the issuance of occupational licenses would support the continued provision of this beneficial service.

In addition, the intent of imposing reasonable rate standards on determining what fees could be assessed would be to ensure that consumers and agencies would not be overcharged for TexasOnline services. The TexasOnline Authority would responsibly determine and approve fees through analysis of the direct and indirect costs of a project.

**OPPONENTS
SAY:**

The fees assessed on issuance and renewal of occupational licenses in SB 187 in 2001 were intended to provide funding for building the infrastructure to provide TexasOnline services. The existing September 1, 2005, expiration date for these fees provides a sufficient timeframe to meet their intended purpose, and licensees should not be forced to continue paying these fees after their intended expiration date. This is particularly true given that these fees already were unfairly assessed on all licensees, regardless of whether they used TexasOnline for renewal. A disproportionate burden for funding TexasOnline should not be placed upon these licensees.

The bill does not include statutory criteria for determining what would constitute a reasonable rate of return for the purpose of setting fees. Leaving the language open to interpretation on a reasonable rate of return could open the door to abuses and overcharges of TexasOnline users.

NOTES:

The original bill and substitute differ in their provisions for the use of and authority over fees. The original bill would have included the following provisions not contained in the substitute:

- state agency assistance with marketing efforts as determined by the authority;
- contracts with entities to send and receive documents and payments that provide for sharing fees for services;
- the automation of certain records; and
- prohibition on incurring debts and costs.

The original bill would not have included the following provisions that are contained in the substitute:

- use of other methods of sending and receiving documents and payments;
- not charging subscription fees for a service until the service was provided on the internet;
- repeal of provisions relating to a TexasOnline division of DIR; and
- inspection station use of TexasOnline services.

The fiscal note indicated no significant fiscal implication to the state, although there could be additional costs to local government entities that use TexasOnline due to any increase in fees charged for TexasOnline services.

The companion bill, SB 1644 by Shapleigh, passed the Senate on the Local and Uncontested Calendar on May 10 and has been referred to the House Government Reform Committee.