

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3249/1	Introduction Number AB-738	
Description Prohibiting use of social security numbers on state civil service examinations, prohibiting requests by merchants for customers' social security numbers, requiring notice of unauthorized acquisitions of computerized personal information, posting certain personal information in government records on the Internet and accessing certain public records and employer records containing the social security numbers of individuals, prohibiting a register of deeds from recording certain instruments that contain more than a partial social security number, prohibiting number of credit inquiries as factor in credit reports, granting rule-making authority, and providing penalties		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.395(5)(cq)		
Agency/Prepared By DOT/ Carson Frazier (608) 266-7857	Authorized Signature Julie Johnson (608) 267-3703	Date 11/1/2005

Fiscal Estimate Narratives

DOT 11/1/2005

LRB Number	05-3249/1	Introduction Number	AB-738	Estimate Type	Original
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Assumptions Used in Arriving at Fiscal Estimate

This bill creates several provisions intended to protect individuals' Social Security Numbers (SSNs) and personal information. Two provisions of the bill affect the Department of Transportation. One provision has an immediate cost impact on DMV. The second provision creates a long-range cost impact on DMV.

DMV maintains records of medical information related to driver licenses. These records qualify as computerized personal information records under the bill. The bill would require DOT to notify any individuals who are affected, if any of these records has been or might have been acquired by an unauthorized person. The bill also requires notification to at least three major credit reporting agencies.

The bill defines personal information as an individual's social security number AND certain information, one of which is medical information (EMPHASIS ADDED). This fiscal estimate assumes that this means that a SSN by itself is not personal information. If this assumption is incorrect, then all DMV's 4.5 million driver records and 5 million vehicle records would be included, and the cost impact of the bill would be significantly increased.

DMV owns about 100,000 records that contain medical information about individuals and individuals' SSNs. This bill would require DMV to notify these individuals, if DMV believes that unauthorized persons might have acquired the records.

This fiscal estimate assumes that no additional computer network or firewall monitoring upgrades will be built, other than what DOT currently has in place; DMV would learn of an information breach through public contact. DMV would not attempt to identify particular individuals whose records might have been compromised; instead, DMV would notify all record-holders plus the major credit reporting companies.

DMV would incur a one-time cost of \$19,900 for data processing system development. Programming would be required to select the records containing medical information, create a letter to each individual and create a letter to credit reporting companies. The bill does not appropriate funds to the DMV appropriation to cover this cost, and DMV cannot absorb the cost within its current budget.

In addition, each time the notification is made, DMV would incur an operational cost of \$41,000. This includes \$200 for the computer run, plus \$40,800 in letter and envelope costs, and postage and handling charges. Although information breach occurrences would be random, if one breach per year occurred, DMV would incur an annual cost of \$41,000 as a result of this bill. The bill does not appropriate funds to the DMV appropriation to cover this cost, and DMV cannot absorb the cost within its current budget.

Local fiscal impact is indeterminate. DOT knows that no local governments replicate the computerized personal information that DMV owns. In addition, no local governments are "sellers of goods at retail" that would be prohibited from performing title processing work as an agent for DMV. DOT has no knowledge of any other potential fiscal impacts on local governments.

Long-Range Fiscal Implications

Similar to DNR, DOT is required to obtain the SSN of motor vehicle title applicants. Under S.342.16(1)(a), effective June 30, 2007, all licensed motor vehicle dealers are required to process titles for DOT, and thus will be required to obtain SSNs of customers. Similarly, under S.341.21, entities other than dealers may contract with DOT to process applications for titles, and they must be able to obtain SSNs of customers.

However, under this bill, motor vehicle dealers and other retailers who might contract with DOT to process title applications would be prohibited from obtaining social security numbers to process motor vehicle title applications. This would prohibit motor vehicle dealers from carrying out their statutory mandate, and it would also prohibit other entities from contracting with DMV to process title applications under the voluntary agent program.

Thus, the bill would require DMV to re-acquire significant workload that, according to statute, will be performed by motor vehicle dealers effective June 30, 2007, as well as work that is already being done under the voluntary agent program. DMV would experience an extremely high cost to restore a staff level that has been reduced in the 2005-07 biennium.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time cost to DMV of \$19,900 for data processing system development. The bill does not appropriate funds to the DMV appropriation to cover this cost, and DMV cannot absorb the cost within its current budget.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	
(FTE Position Changes)		
State Operations - Other Costs	41,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$41,000	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	41,000	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$41,000	\$
NET CHANGE IN REVENUE	\$	\$

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Date

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