

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: February 22, 2007  
POSITION: Oppose

BILL NUMBER: SB 618  
AUTHOR: E. Alquist

**BILL SUMMARY: State Agencies: Electronic Records**

This bill requires that all state agencies maintain all documents prepared, owned, used, or retained for conducting the people's business in an electronic format by January 1, 2010.

**FISCAL SUMMARY**

This bill could have a fiscal impact in the range of \$350 million occurring in the 2008-09 and 2009-10 fiscal year budgets. The fiscal impact would pertain to all fund sources since it applies to all state agencies.

**COMMENTS**

The Department of Finance opposes SB 618 due to its high cost.

State agencies have not yet identified the universe of paper documents that would be affected by the bill. Many millions of paper documents are currently created, received, and stored by state agencies each year. Converting documents to an electronic format could require the implementation of new image-based information systems comprising hardware, system software, databases to store document images, and applications to manage, report on, and access the images.

Many state documents already exist in an electronic format. The fiscal impact noted above only relates to documents that are not currently maintained electronically. Finance assumes that state agency paper document volumes can be categorized into three groups of high, medium and low. After reviewing state agencies, Finance assumes that 65 agencies would require high volume production level imaging systems costing about \$5 million each, 40 agencies would require medium volume imaging systems costing about \$500,000 each, and 40 would be require low volume desktop scanning systems costing about \$25,000 per agency. These are one-time system implementation costs and do not reflect on-going costs to create images. Finance also assumes that all system implementations would be point forward and not include back file conversions to limit cost.

State agencies could not reasonably meet the January 1, 2010 implementation date required by the bill. The agencies would need to assess the documents affected, determine the level of imaging system required, and procure the needed imaging systems. This could involve the acquisition and development of new systems including hardware, software, storage, security, and communication components. State agencies would also need to promulgate new policies and processes related to operating in an electronic document environment. Further, attempting to develop and implement numerous information systems could further strain limited information technology resources previously committed to other priority business initiatives.

Further analysis would be required to determine if any ongoing cost increases, reductions, or avoidances would occur as a result of maintaining document management information systems rather than storing paper documents. The fiscal analysis does not include alternatives for electronic submission of documents via the Internet, which could have a greater fiscal impact.

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Analyst/Principal (0853) S. Kazer	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)

E. Alquist

February 22, 2007

SB 618

**COMMENTS** (continued)

According to the author's office this bill intentionally takes an all inclusive approach to identify the existing document storage processes and systems employed by state agencies. The bill was introduced to prompt a discussion between state agencies and the legislature about finding better ways for state agencies to store documents. The author's office views this bill as a vehicle that could be amended in the future to reflect agreements of interested parties.

The Senate Committee Analysis of SB 618 cites as a related bill SB 798 (Chapter 444, Statutes of 2005) establishing the Government Modernization, Efficiency, Accountability, and Transparency Act of 2005. However, SB 798 relates to prescription drugs.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP	2006-2007		2007-2008		2008-2009		
	RV	98	FC	FC	FC	FC			
9990/Var Depts	SO	No	-----	See Fiscal Summary	-----			0001	
9990/Var Depts	SO	No	-----	See Fiscal Summary	-----			0988	
9990/Var Depts	SO	No	-----	See Fiscal Summary	-----			0494	
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0494	Other Unallocated Special Funds								
0988	Various Other Unallocated NGC Funds								