

BILL ANALYSIS

Senate Research Center

H.B. 2199
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The use of physical credentials for validation can be slow, inconvenient, and costly. Such credentials are critical in validating identity, but they are often susceptible to counterfeiting or fraud. The use of credentials for identity validation presents an opportunity to digitize and secure credentials using innovative methods, including blockchain technology and cryptography. H.B. 2199 seeks to establish a work group to develop recommendations and policies with regard to digital identity technology so as to ensure that Texas remains a leader in technological innovation, enterprise, and data security.

H.B. 2199 amends current law relating to the establishment of the digital identity work group.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. DEFINITIONS. Defines "digital identity" and "work group."

SECTION 2. INFORMATION FOR LEGISLATIVE PURPOSES. (a) Provides that many credentials issued by governmental agencies, including passports, driver's licenses, business licenses, vehicle registrations, and certificates, are physical or portable document format documents. Provides that the use of physical credentials for validation can be slow, inconvenient, costly, and prone to intentional or unintentional human error. Provides that physical credentials are susceptible to counterfeiting or fraud.

(b) Provides that credentials are used for validating identity, including to:

- (1) verify age for age restriction purposes;
- (2) notarize signatures on documents;
- (3) verify tax exemptions;
- (4) prove registration or insurance coverage;
- (5) prove a license or permit has been issued and is current; and
- (6) prove inspections have been performed and passed.

(c) Provides that the use of credentials for validation presents an opportunity to:

- (1) digitize and secure credentials using technology, including blockchain and cryptography; and
- (2) lower costs and improve privacy, security, and convenience for governmental agencies, industry, and consumers.

SECTION 3. ESTABLISHMENT AND COMPOSITION OF WORK GROUP. (a) Provides that the digital identity work group is composed of the following 15 members:

- (1) one member of the Texas House of Representatives (house), appointed by the speaker of the house;
- (2) one member of the Texas Senate, appointed by the lieutenant governor;
- (3) one member representing institutions of higher education in this state, appointed by the governor;
- (4) one member representing a municipality in this state who has overseen the implementation of digital identity initiatives, appointed by the presiding officer of the work group;
- (5) one member representing the Department of Public Safety of the State of Texas (DPS), appointed by the director of DPS;
- (6) one member representing the Texas Department of Information Resources (DIR), appointed by the executive director of DIR;
- (7) one member representing the office of the secretary of state, appointed by the secretary of state; and
- (8) eight public members, four of whom are appointed by the speaker of the house and four of whom are appointed by the lieutenant governor, each of whom are required to:

(A) have knowledge and experience in digital identity technology, including blockchain technology and cryptography; or

(B) represent an industry that would benefit from the use of digital identity technology.

(b) Requires the governor to designate a member of the work group appointed under Subsection (a)(3) or (8) of this section to serve as presiding officer of the work group. Requires the members of the work group appointed under Subsections (a)(1) and (2) of this section to both serve as assistant presiding officers of the work group.

(c) Prohibits a member of the work group from receiving compensation for serving on the work group or for performing official duties as a member of the work group. Authorizes a member of the work group to receive reimbursement for legitimate expenses incurred by the member in the performance of official duties as a member of the work group.

(d) Requires the work group to meet at the call of the presiding officer.

SECTION 4. REPORT, POLICIES, AND PROCEDURES. (a) Requires the work group to develop recommendations for the use of digital identity in this state and identify optimal policies and state investments related to digital identity technology. Requires the work group, in performing its duties under this section, to:

- (1) assess existing digital identity practices in this state;
- (2) identify areas of concern in current digital identity applications or the lack of applications;
- (3) identify efficiencies and cost savings for governmental agencies and economic growth and development opportunities for this state presented by digitizing identity;

- (4) review technology standards for digital identity;
- (5) identify attribute validation services at federal governmental agencies; and
- (6) review the federal Improving Digital Identity Act of 2020 (H.R. 8215).

(b) Requires the work group, based on the information gathered under Subsection (a) of this section, to make legislative recommendations as appropriate to:

- (1) promote efficiencies in governmental agencies;
- (2) protect the privacy of residents of this state;
- (3) promote portability and interoperability of digital identity credentials; and
- (4) generate economic opportunities by prescribing the use of digital identity.

(c) Requires the work group, not later than September 30, 2022, to submit the report containing its findings under Subsection (b) of this section to each standing committee of the senate and house of representatives with primary jurisdiction over economic development or technology.

(d) Authorizes the work group to adopt procedures and policies as necessary to administer this section and implement the responsibilities of the work group.

(e) Requires DIR to provide to the work group the administrative support necessary for the work group to implement this section and its responsibilities under this Act.

SECTION 5. EXPIRATION OF ACT AND ABOLISHMENT OF WORK GROUP. Provides that this Act expires and the work group is abolished October 1, 2022.

SECTION 6. TRANSITION LANGUAGE. (a) Requires the appropriate appointing authorities, as soon as practicable after the effective date of this Act, but not later than September 15, 2021, to appoint the members of the work group as required by Section 3 of this Act.

(b) Requires the work group, not later than January 1, 2022, to hold its initial meeting.

SECTION 7. EFFECTIVE DATE. Effective date: September 1, 2021.