

**NEBRASKA STATE RECORDS BOARD
MEETING: June 24, 1999**

Nebraska State Capitol
Room 1507
Lincoln, NE
June 24, 1999
1:00 P.M.

NEBRASKA STATE RECORDS BOARD

AGENDA

1507 STATE CAPITOL
June 24, 1999 - 1:30 P.M.

1. Call to Order, Roll Call
2. Notice of Hearing (Lincoln Journal Star, 4/19/99)
3. Approval of Minutes from May 5th meeting
4. Records Management Cash Fund Balance
5. Subcommittee Report Drivers License Monitoring Service
6. Public Hearing--Consideration of Agreement for Electronic Filing Services with the Secretary of State, Uniform Commercial Code Division
7. Department of Administrative Services Report on E-Commerce
8. RFP/Grant Process for Services to Improve the State's Information Network
9. Miscellaneous Matters
10. Schedule Next Meeting
11. Adjournment

NEBRASKA STATE RECORDS BOARD

MINUTES

Meeting of May 5, 1999

These minutes are subject to approval by the Nebraska State Records Board at its next meeting.

The meeting was called to order by Chairman Scott Moore at 9:00 a.m. on May 5, 1999, in Room 1507 of the State Capitol, Lincoln, Nebraska.

The following Board members were present:

Scott Moore, Chairman;

Dave Heineman;

John Dale;

Mark Sutko;

Steve Grasz, representing the Attorney General;

Lauren Hill, Representing the Governor;

Kate Witek

Lori McClurg

Excused until they arrived were:

Terri Harder;

Kathy Nathan

Chairman Moore noted that the legal notice of hearing was published in the April 30, 1999, Lincoln Journal Star

The minutes of the meeting of March 19, 1999, were considered. Mr. Heineman moved that the minutes be approved as circulated; motion seconded by Mr. Sutko.

Voting For: Moore, Heineman, Dale, Sutko, Grasz, Hill, Witek, McClurg

Voting Against: None

Absent: Harder, Nathan, Funk, Schroeder

The motion carried.

Greg Lemon, Deputy Secretary of State, introduced the current month beginning cash balance of the State Records Board account in the Records Management Cash Fund. The minutes packet that was distributed stated the balance was \$ 301,502 as of May 4, 1999. Mr. Lemon noted the balance of \$301,502 was actually as of April 30, 1999.

Terri Harder arrived at the meeting.

Chairman Moore opened the public hearing on the proposed amendment to the existing contract between Explore, Inc. and The Department of Motor Vehicles (DMV).

Mr. Grasz discussed and clarified the Attorney General's Opinion regarding "Neb. Rev. Stat. § 60-483 (1998); Fees for access to certain motor vehicle driver records". He indicated that the Director of the Department of Motor Vehicles has the authority to set the rate for electronic access to Department of Motor Vehicle records, subject to approval of fees for access by the State Records Board.

Kathy Nathan arrived at the meeting.

Ed Wimes, Director, Department of Motor Vehicles discussed the contract currently being negotiated with Explore, Inc. He requested that the Board take action on the amendment to this contract to increase the fee to 56.5%. He also requested the Board take action to create a sub-committee to develop a policy or guidelines for agencies entering into contracts for electronic access to their records. He asked that this policy or these guidelines include an "across the board" fee for electronic access to records.

Auditor Witek asked and Chairman Moore responded that if new fees are set, they must be approved by the Legislature within 18 months. Mr. Wimes suggested that this be clarified in any contract entered into setting electronic records access fees.

Mr. Patrick Cavanaugh, registered lobbyist for Explore, Inc., stated Explore, Inc. was ready to sign the amendment and move on.

Chairman Moore closed the public hearing.

Mr. Heineman made a motion and seconded by Ms. Harder to approve the contract with Explore, which would be in effect until August 1, 1999. Chairman Moore received clarification from Mr. Wimes that it is not in the contract to have the option to extend the contract; DMV and Explore, Inc. would have to negotiate an extension.

Voting For: Moore, Heineman, Dale, Sutko, Grasz, Hill, Witek, McClurg, Harder, Nathan

Voting Against: None

Absent: Funk, Schroeder

The motion carried.

A motion was made by State Treasurer Heineman, seconded by Ms. McClurg, to authorize Chairman Moore to appoint 3-5 people to meet with DMV and develop specific guidelines to develop a fee the Board would approve. Chairman Moore said he would ask Ms. Hill and State Treasurer Heineman to serve on this committee and asked that anyone else interested should contact him.

Voting For: Moore, Heineman, Dale, Sutko, Grasz, Hill, Witek, McClurg, Harder, Nathan

Voting Against: None

Absent: Funk, Schroeder

The motion carried.

Chairman Moore introduced the topic of online fees for filling UCC documents. He indicated UCC is not changing the fee, but changing the monetary split.

Greg Lemon, Deputy Secretary of State, explained that as of July 1, 1999 according to LB 1321, UCC filings will all be filed with the Secretary of State's UCC Division. They are working with Nebraska Online to accomplish this. Nebraska Online will get a cut of the current fee. The fee will flow through the State Records Board cash fund, then split off. The fee is for access to information. The law does not talk about "fees for filing". The Secretary of State is asking if the Secretary of State is given the authority to determine the split with Nebraska Online. Chairman Moore requested a decision before July 1, 1999.

After a discussion, Ms. Hill suggested the Secretary of State go ahead and negotiate the fee and the Board would ratify it after the fact. Secretary Moore said they would prepare something before the June meeting and stated he would not sign anything until he gets direction and/or approval from the State Records Board.

Chairman Moore indicated that at the last meeting, Mr. Schroeder brought up the issue of developing a proposal on how the State Board's Records Management Cash Fund is spent (if spent). Ms. McClurg stated that IBM is coming in to train on E-Commerce. She would be willing to get together with her staff and develop a presentation to the Board on what other states are doing. Chairman Moore suggested a possible RFI be developed for state agencies input. Nebraska Online (Sam Somerhalder) would also bring information and ideas to the table. Chairman Moore said if the ideas are a way to connect government with the people electronically, they are welcome. Ms. McClurg and Sam Somerhalder will prepare information for the June next meeting.

Chairman Moore announced that the next meeting of the Board would be in the afternoon on Thursday, June 24, 1999.

Ms. Harder moved the meeting be adjourned; seconded by Ms. McClurg.

Voting For: Moore, Heineman, Dale, Sutko, Grasz, Hill, Witek, McClurg, Harder, Nathan

Voting Against: None

Absent: Funk, Schroeder

The motion carried.

The Chairman declared the meeting adjourned at 9:50 a.m.

(5)

THE NEBRASKA STATE RECORDS BOARD SUBCOMMITTEE REPORT AND RECOMMENDATION ON FILING FEES FOR ELECTRONIC ACCESS TO THE DRIVER'S RECORD MONITORING SERVICE

BACKGROUND

At the Nebraska State Records Board meeting of May 5, 1999, the Records Board authorized Chairman Moore to appoint a subcommittee to work with the Department of Motor Vehicles on a fee schedule for driver's record monitoring (DRM) services through Nebraska Online. This discussion was raised in conjunction with negotiation that the Department of Motor Vehicles has had with Explore, Inc. with their current agreement for DRM.

Chairman Moore appointed a subcommittee consisting of himself, Treasurer Heineman, and Lauren Hill. The subcommittee met with the Director of the Department of Motor Vehicles and came up with the following approach for the sale of the DRM service over the network.

RECOMMENDED APPROACH

The subcommittee recommends that DMV enter into an agreement with the State Records Board which would establish fees for the sale of those records to all entities desiring to purchase them through Nebraska Online. The subcommittee further recommends that this contract be structured in a similar manner as other contracts with state agencies for fee based services to provide for uniformity and efficiency in administering the service (i.e. for accounting functions etc.).

The committee further recommends that changes be made to the fee structure after the termination of the current Explore Contract (August 1, 1999). The new agreement between the Records Board and the Department of Motor Vehicles should provide for two ways of purchasing the Driver's Record Monitoring Service:

- 1). A contract for a fee of \$3.00 per driver per year for one year of monthly updates of the individuals driving record.
- 2). Batch updates on an annual basis at a rate of \$3.00 per drivers record monitored, provided monthly and billable at a pro-rated monthly rate.

The Board considered the rate of \$3.00 as a baseline to be consistent with the current statutory rate of \$3.00 per certified driver abstract. However, it should be noted the \$3.00 rate is not required by law for these types of records (see Attorney General's opinion #99016, dated April 22, 1999).

This subcommittee recommendation will be reviewed for approval of the Board at the next meeting, and if approved, can be used a guideline for the Department of Motor Vehicles to use when applying for Board approval of the sale of fee based services in the future.

**REQUEST FOR APPROVAL TO ESTABLISH
ELECTRONIC ACCESS (FILING) FEES
FOR SECRETARY OF STATE CORPORATE AND
UNIFORM COMMERCIAL CODE RECORDS**

Pursuant to Neb. Rev. Stat. §84-1205.03 and the *Nebraska State Records Board Guidelines for Submission of Requests for Fee Based Electronic Access*, the following information is submitted regarding the Secretary of State's request to the Board for fee based electronic filing for Uniform Commercial Code filings.

1. A copy of the contract under consideration.

A copy of the proposed contract and addendum is enclosed.

2. A description of the Public Records which are the subject of the proposed electronic access fee and the proposed fees and splits (combines #2 & 5 of State Records Board Guidelines).

This request is for Board approval for a contract between the State records Board and the Secretary of State's Office for electronic filing applications with the Uniform Commercial Code Division. The public records filed would be Uniform Commercial Code Effective Finance Statements, Statutory lien and tax lien original filings, and amendments, continuations, and terminations of those filings.

The liens and notices of liens referred to above are placed on the state's central lien index system to establish lien priority and provide lenders and potential lenders with information regarding existing liens and priority of those liens against the collateral listed therein.

Fee: \$5.00 plus \$4.00 for each additional debtor listed , except for State and Federal Tax liens and Dept. of Labor liens which shall be \$6.00 plus \$3.00 for each county (more than one) where real estate against which the lien runs is located (split on all fees: \$75% Secretary of State, 25% Nebrask@ Interactive, see proposed contract for actual splits)

3. The anticipated timeline for implementation

Initial filing application will be continuations and termination statements, including LB1321 transition refile continuations. The planned implementation date for these applications is July 1, 1999.

It is anticipated that electronic filing for original filings and amendments will be implemented on or about January 1, 2000.

4. Security Provisions

All information to be filed electronically is public record so there are no specific security or sensitivity concerns. Filers will have to establish accounts with Nebraska Interactive and the Secretary of State and a complete audit record of electronic filers will be kept to ensure the integrity of date entered by electronic filing.

5. The fee and distribution of the fee for electronic access.

See #2 above.

6. Explanation/Justification of the need for Electronic Access

In 1998 the legislature passed LB1321 which centralized the filing of UCC liens in the Secretary of State's Office effective July 1, 1999 (formerly some liens were filed with the Secretary of State and some with the county clerks). In order to provide timely service and equal access to citizens and businesses throughout the state, the Secretary of State's Office is implementing electronic filing of UCC liens over the internet.

The Secretary of State's office also believes that electronic filing will be a key component in allowing us to handle a filing volume increasing by more than three-fold while less than doubling current staff.

7. How fees and splits were determined

Proposed fees were determined by statute (U9-403(5)(c)).

Splits were determined by allocating money according to the resources required of Nebrask@ Interactive to make the electronic filing available and the work required by the Secretary of State to store, maintain and integrate data electronically filed, while maintaining a sufficient flow of revenue to the Uniform Commercial Code Cash fund to ensure future revenue balances adequate to maintain future projected expenditure levels.

With the electronic filing function Nebrask@ Online will be performing much of the processing required for filing liens. The established fee split fairly represents the effort on both sides to file and maintain these records.

8. Any pertinent statutory provisions

Electronic filing for the Uniform Commercial Code filings described in this application and the filing fees were specifically authorized in LB552(1999). It should be noted that the bill provides for a lower fee (\$5 vs. \$6) for electronic filing than for paper filing (*Uniform Commercial Code 9-403(5)(c)*). The fee for filing state and federal tax liens was established by LB550 (1999) and is codified at) 52-1004 and 57-3903.

9. The Cost of Providing Electronic Access (Filing) and How that Cost is Computed

As noted elsewhere in this application, all fees established by this agreement are already set forth in statute.

As far as cost goes, Nebraska Online already has much of the infrastructure in place to provide this service. Because of the nature of services offered by the network (most of which are provided to agencies and the public free of charge), it is difficult to allocate exact operating expenses to this particular function.

1 **DAS E-Commerce Projects**

Briefing for State Records Board

June 24, 1999

2 **Agenda**

- Review DAS e-commerce / e-government initiative
- Introduce broader issues

3 **Definitions**

- E-commerce refers to conducting economic transactions electronically
- E-government refers to providing government information and services electronically
 - includes some aspects of e-commerce
- Both depend on networks, digitized information, and often new processes
- Internet access to web-enabled information is the usual model

4 **Impact of e-commerce / e-government**

- E-commerce represents a force for fundamental change in the economy
 - *eliminates distance as a constraint*
 - *eliminates time as a constraint (24 x 7 access)*
 - *eliminates people as a constraint (direct access)*
- E-commerce will force government to change
 - *people will demand it*
 - *business will demand it*
- E-government can change the relationship of citizens to their governments
 - *easier access to information and services*
 - *greater tracking and involvement in areas of interest*
 - *ad hoc special interest forums*

5 **Reasons for DAS to pursue e-commerce / e-government**

- Opportunity to save time, money, resources
- Opportunity to improve services
- Opportunity to learn
- Opportunity to provide leadership to rest of state government

6 **DAS Planning process**

- Identified 23 potential projects
- We narrowed the list to 3 pilot projects that will give us a range of experience and are most likely to demonstrate real benefits in a short time frame
- Key success factors
 - start small, then expand
 - e-commerce implementation must be better than the existing process. Don't automate, unless it saves time, money, resources or provides greater convenience or other benefit.

7 **Project 1: Undertake aggressive effort to provide DAS information, manuals and forms on the DAS web page**

- **OUTCOMES:**
 - easier access to information
 - save printing costs and staff time
 - customer-focused presentation of DAS functions
 - clarify service process for DAS customers

8 **Project 2: Automate timesheets and leave requests for DAS employees**

- **OUTCOMES:**
 - reduce paperwork and save staff time
 - reduce lag time for submission of timesheets from remote job locations
 - gain experience with interactive web-based applications
 - rethink purpose of timesheets for exempt employees

9 **Project 3: Automate TSB vehicle checkout**

- **OUTCOMES:**
 - Customer convenience and satisfaction
 - gain experience with interactive applications involving customers
 - reduce paperwork and save staff time
 - examine impact on fleet utilization

10 **Next steps**

- Prepare business case for each project
- Create project charter (define scope and responsibility)
- Prepare detailed design
- Implementation

11 **Statewide Issues**

- NITC Government Council's top priority is to "implement electronic government"
- NITC Community Council priority is "ensuring access to public and private services for all citizens of the state through the appropriate and effective use of information technology"
- Challenges and policy issues
 - privacy
 - security and reliability
 - authentication
 - funding
- One-stop seamless access to information and services

12 **Example: new corporation that is building a convenience stop and café at a major intersection on I-80**

- Local Government
 - Register of Deeds: land transfer
 - Assessor (or Property Tax Division): property valuation
 - Treasurer: property tax payments and register vehicles
 - zoning, building permits
- State Government
 - Secretary of State: articles of incorporation
 - HHS and DWR: water well registration and water quality testing
 - Dept of Ag.: weights and measures and food permit
 - Revenue: sales tax permit and income tax withholdings
 - Lottery: sales outlet
 - Fire Marshal: occupancy capacity for eating area and information on accessibility requirements
 - Electrical Board: electrical inspection
 - Dept of Labor: new hire reports; UI withholdings, job service postings
 - HHS / District Court: child support wage withholdings
 - Game and Parks: sales outlet for park permits, etc.

13 **Conclusion**

- Virtual integration of information and services is both the challenge and opportunity of e-commerce / e-government
- States and local governments that achieve this will have a competitive advantage:
 - lower costs of doing business
 - easier to attract and retain businesses

**Addendum Two
to the
Interagency Agreement Between
Nebraska Secretary of State's Office
and
Nebraska State Records Board**

This Addendum Two to the Interagency Agreement between The Secretary of State and the Nebraska State Records Board sets forth certain services provided by Nebrask@ Online (operated under the auspices and authority of the Nebraska State Records Board), the prices (P) to be charged for such Nebrask@ Online services, how the revenue from such Nebrask@ Online services is to be divided between SOS (R/SOS) and Nebrask@ Online (R/NOL).

This Addendum Two covers services described below. It is contemplated that additional future addenda will cover other services which are currently provided by the Secretary of State.

DATA RECORDS TO BE FILED

Type of Data	P	R/SOS	R/NOL
UCC, EFS and Statutory Lien Filings, including continuations and Amendments		\$ 5.00	3.75
Additional Debtors to be indexed on the above filings		\$ 4.00	3.00
Transition Refile (LB1321) Filings (7/1/99 through 12/31/99)		\$ 5.00	3.75
Additional Debtors to be indexed on the above filings		\$ 4.00	3.00
State/Federal Tax Liens 1.50	\$ 6.00	4.50	
Each county in addition to the first designated for real property lien		\$ 3.00	2.25

Disbursement of Fees:

All revenue received pursuant to this addenda shall be deposited by the Network manager in the State Records Board Cash Fund pursuant to the provisions of the contract between the Nebraska State Records Board and Nebrask@ Interactive, Inc. and any addenda thereto and distributed back to SOS and NOL as provided above.

_____ Date _____ Date _____

Authorized Officer
Secretary of State

Authorized Officer

Nebraska State Records Board

Proposal to the Nebraska State Records Board

To Utilize the Nebraska State Records Cash Fund to Enhance the Delivery of State Agency Services via Nebraska Online

June 21, 1999

By: Craig A. Schroeder, State Records Board Member

The Nebraska State Records Board has built a cash reserve through revenues collected from fees for public access to State records as authorized by the Nebraska Legislature. It is proposed that the Nebraska State Records Board utilize this reserve to establish a Request for Proposal (RFP) process that funds innovative and effective applications of the Internet by State agencies via Nebraska Online.

Projects requesting funding should meet one or more of the following criteria:

- 1) Enhance the delivery of State agency services.
- 2) Improve the efficiency of agency operations.
- 3) Facilitate collaboration among State agencies.
- 4) Facilitate collaboration between State agencies and other public institutions.
- 5) Support public/private partnerships in the delivery of public services.

Proposals should document the anticipated impact upon the agency in terms of operation and budget. Proposals should also address why Cash Reserve funding is needed for the project and how the service will be sustained once the funds are expended. Proposals related to fee-based services should document if legislative approval is required and what impact, if any, the fee may have upon rebuilding the State Records Cash Fund.

The RFP process should be conducted in consultation with the Nebraska Information Technology Commission, Government Council to ensure proposals are compatible and non-duplicative with other State of Nebraska initiatives. The Board should also utilize the NITC Technology Review Panel to evaluate the technical feasibility of proposed projects. The State Records Board should accept applications on a continual basis and fund projects based upon merit and available funding on an ongoing basis.

Requested Board Action:

It is requested that the State Records Board consider this proposal at its June 24th meeting and authorize drafting a formal written proposal through the Secretary of State's office in consultation with the Chief Information Officer for presentation to the Board at the next scheduled State Records Board meeting.

Fee splits were arrived at by agreement between the Secretary of State and Nebraska@ Online. The electronic filing functionality will almost entirely relieve the Secretary of State's office of much of the work related to processing these documents.

10. Projected Volume of Activity and Revenue

Electronic filing application is a new activity so there is no benchmark upon which to measure activity, however, we estimate first year activity to be 10-20% of all filings, with a gradual but significant increase in filings each year thereafter.

Volume Projections (@15%):

Total Filings (FY99-00) 19,350 X \$5.00 = \$96,750 (\$72,562 SOS \$24,187 NOL)