



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0577

Title: Revise laws related to facial recognition technology

Primary Sponsor: Sullivan, Katie

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$20,000	\$0	\$0	\$0
State Special Revenue	\$30,000			
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue				
Net Impact-General Fund Balance	<u>(\$20,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 577 defines facial recognition services, restricts the use of facial recognition services to certain specific purposes, and requires state agencies to provide notice prior to using facial recognition services. The Department of Justice would incur costs to modify its computer system to comply with HB 577.

FISCAL ANALYSIS

Assumptions:

Department of Justice

1. Facial recognition technology can serve as a critical tool in not only identifying criminal offenders but also in identifying abducted and missing persons. During evolving events such as child abductions or terrorist attacks in the state, law enforcement must be able to fully deploy available resources immediately to mitigate harm, apprehend offenders, and prevent further negative consequences. Setting 30-day public notice requirements and limiting use to only certain offenses compromise public safety. Unlike DNA or fingerprints, facial recognition is never considered as a positive identification of any subject. Any possible connection or involvement of a subject to an investigation must be determined through further investigative resources.
2. Motor vehicle division currently uses facial recognition on-demand when taking the photo of a new or renewing driver's license. The photo is compared to the individual's previous photos to ensure identity theft

does not occur. If MVD is required to provide 30-day notice, it could not utilize the facial recognition solution. This will create a \$50,000 programming expense to remove the capability from current software.

- Currently, the Motor Vehicle Division identifies on average two to three individuals per year that are attempting to obtain a license under a false identity. The department has the ability to compare photos to all state databases which ensures multiple licenses are not held across the country. The future of licensing will include more technology and without the use of facial recognition new technology will not be an option for Montana MVD.

Department of Labor and Industry (DLI)

- DLI, through a contractor, utilizes facial recognition technology as part of its identity verification protocol to ensure integrity of the unemployment insurance system. Identity verification is required by Section 242 of the Consolidated Appropriates Act, 2021 (which extended the CARES Act).

All Other State Agencies

- The Office of Budget and Program Planning is not aware of any other state agencies currently using the technology in the manner described in the bill.
- If an agency becomes subject to the requirements of the bill in the future, the agency will incur additional costs to securely store, process, and transmit sensitive biometric data.

Department of Justice

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$50,000	\$0	\$0	\$0
TOTAL Expenditures	\$50,000	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$20,000	\$0	\$0	\$0
State Special Revenue (02)	\$30,000	\$0	\$0	\$0
TOTAL Funding of Exp.	\$50,000	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$20,000)	\$0	\$0	\$0
State Special Revenue (02)	(\$30,000)	\$0	\$0	\$0

NOT SIGNED BY SPONSOR

_____ 3/1/21 _____ KA _____ 2/26/21
 Sponsor's Initials Date Budget Director's Initials Date