

## 2023 BSA State Legislative Summary: DIGITAL TRANSFORMATION

- 38 states introduced 159 digital transformation bills in 2023. Two-thirds (36) of those states enacted digital transformation bills.
- The most common topics were e-signature (75) and remote online notarizations (RON) (35).
- 23% of digital transformation bills became laws in 2023, compared with 18% in 2022.
- California became the 45th state to allow RON.
- Montana enacted legislation to prohibit the use of electronic signatures (e-signature) for statewide ballot issues.

States introduced approximately the same number of digital transformation bills this year as they did in 2022; however, the 2023 bills were slightly more likely to be enacted. Like last year, Massachusetts and New York introduced most bills, but not as many as 2022. States continued to focus primarily on e-signature and RON, with a smattering of other digital transformation topics including procurement processes, tech improvements, e-filing, cloud computing, open-source software, and open data. States also reviewed legislation modernizing state web portals for government services.

This year, 74% of states introduced digital transformation bills. Although there was diversity in the number of states, almost 70% of the bills were either related to specific issues to e-signature or RON. E-signature issues include elections, estate planning, judicial process, or vehicle ownership. Illinois, Nevada, New Mexico, Oklahoma, and West Virginia all enacted legislation related to vehicle ownership and e-signature, continuing the bipartisan trend on the issue from 2022. Illinois also updated its law on the counties' recorders acceptance of e-signatures and enacted a law related to modernizing estate planning documents. Similar laws related to wills and other estate planning documents were passed in Arizona, Maryland, and Minnesota.

Other topics of interest related to digital transformation include e-filing for government permits and services, creating web portals for government services, updating procurement processes, and tech improvements. Indiana enacted legislation to allow e-signatures for campaign expenditure reporting; New Mexico enacted legislation to allow for e-signatures for candidate nominating petitions. A notable departure from the growing acceptance and use of e-signature, several states introduced legislature to prohibit using e-signatures in voting and election scenarios. Montana enacted legislation to prohibit using e-signatures for statewide ballot issues and the Arizona Governor vetoed legislation that would have prohibited e-signatures in pollbooks being used for comparisons.

Several states introduced some outlier bills that could form the groundwork for future bills. For example, Texas introduced a measure for information security assessments in the state. Utah enacted a bill to create a pilot program for state digital identification credentials. Relatedly, Maryland enacted legislation to require the state Department of Natural Resources to issue certain licenses in a digital format. Both Iowa and New York introduced legislation related to specifically regulating smart contracts. Massachusetts introduced and Kentucky enacted legislation related to creating boards to evaluate and fund state agencies' technology improvement plans.

BSA expects that states will continue to refine their e-signature and RON laws in 2024. Additionally, states will likely review and discuss the possibility and implications of cloud storage and service options into the next legislative session. Other legislative issues, such as web portals and digital IDs, will continue to appear irregularly across the country to address specific issues in the states.

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