

**STATE
FISCAL IMPACT**

Drafting Number: LLS 12-0718

Date: February 20, 2012

Prime Sponsor(s): Rep. Swerdfeger
Sen. Jahn

Bill Status: House SVMA

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TITLE: CONCERNING THE REGULATION OF NOTARIES PUBLIC.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
Cash Funds	<u>No net change</u>	<u>No net change</u>
Notary Administration Cash Fund	(\$255,000)	(\$278,000)
Department of State Cash Fund	255,000	278,000
State Transfers or Diversions		
Transfer from the Notary Administration Cash Fund to the Department of State Cash Fund	(440,000)	
State Expenditures		
Cash Funds	<u>No net change</u>	<u>No net change</u>
Notary Administration Cash Fund	(190,100)	(207,401)
Department of State Cash Fund	190,100	207,401
FTE Position Change		
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

The bill makes the following changes to the regulation of notaries public by the Secretary of State:

- allows the Secretary of State, at his discretion, to require electronic filing of notary applications and renewals;
- clarifies the disciplinary and nondisciplinary actions that the Secretary may take against a notary public;
- disallows the use of a seal embosser; and
- updates the information that must be included on a notary's official notary seal.

The bill also requires that fees collected from the regulation of notaries public be deposited in Department of State Cash Fund, rather than the Notary Administration Cash Fund.

State Revenue

In FY 2012-13, the bill decreases revenue to the Notary Administration Cash Fund by approximately \$255,000 and increases revenue to the Department of State Cash Fund by the same amount. This revenue is from fees paid by notaries public and is prorated to reflect the effective date of August 8, 2012. In FY 2013-14 and beyond, the decrease to the Notary Administration Cash Fund and the increase to the Department of State Cash Fund will be approximately \$278,000. Annually, approximately 18,000 notary applications are filed. The fee for an online application is \$10, and the fee for a paper application is \$50.

If the Secretary of State chooses to require electronic filing of notary applications, then revenue received in the Department of State Cash Fund may decrease. However, at this time it is not known when or if electronic filing will be implemented.

State Transfers or Diversions

Any fund balance remaining in the Notary Administration Cash Fund on the effective date of the bill is transferred to the Department of State Cash Fund. The amount transferred is estimated to be \$440,000, although the actual amount transferred will depend on the exact amount of revenue received in the fund prior to the effective date.

State Expenditures

The bill may increase workload in the Department of State in FY 2012-13, but on the whole, *no net change* in expenditures is anticipated. The impacts of the bill are discussed below.

Funding shift. The changes to the regulation of notaries in the bill are not expected to significantly impact the costs in the department. However, the bill shifts the costs for regulating notaries public (\$207,401 per year) from the Notary Administration Cash Fund to the Department of State Cash Fund. Therefore, in FY 2012-13, expenditures from the Notary Administration Cash Fund will decrease by \$190,100, and expenditures from the Department of State Cash Fund will increase by the same amount. These first-year costs have been prorated to reflect the effective date of August 8, 2012. In FY 2013-14 and beyond, the decrease in expenditures from the Notary Administration Cash Fund and the increase from the Department of State Cash Fund will be \$207,401.

Electronic filing. The bill allows the Secretary of State to require electronic filing for notaries public licenses and renewals. If the secretary chooses to do so, 400 hours of computer program time will be required. This analysis assumes that in-house programming staff will be used to make the required system changes and that no additional appropriation is required at this time. However, if in-house staff is not available because of other required system changes that may arise, the cost for contract computer programmers would be \$29,600, assuming the standard rate of \$74 per hour.

State Appropriations

The bill requires the following appropriations to the Department of State in FY 2012-13:

- a decrease of \$190,100 from the Notary Administration Cash Fund; and
- an increase of \$190,100 from the Department of State Cash Fund.

Departments Contacted

State