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James C. Condos, Secretary of State
Christopher D. Winters, Deputy Secretary

MEMORANDUM

March 15, 2016

TO: Representative Janet Ancel
Chair, House Ways and Means Committee

FR: Chris Winters,
Deputy Secretary of State

RE: H.206, Notaries

H.206 is an act to update our updated notary laws and modernize the commissioning process. In Vermont, notaries are commissioned by Assistant Judges “as the public good requires” to perform notarial acts across the state.

Vermont’s notary laws have remained virtually unchanged since first adopted in the late 1700s. We rely on notaries to prevent fraud and to bring our private papers and transactions into the public sphere in a reliable way. Notarization is the official fraud-deterrent process that assures the parties of a transaction that a document is authentic, and can be trusted.

The Notary Public plays a key role in lending integrity to those important transactions of commerce and law. We need sound standards for the performance of notarial acts. That is why the Secretary of State’s Office has brought forth a proposal to Vermont’s important notary laws using the foundation of the Uniform Law Commission’s Model Act. This update to the notary law is necessary for several reasons. This bill will:

- Ensure that Vermont’s standards are current and compatible with other states and will not interfere with interstate transactions or commerce;
- Provide clear standards for notaries to follow and for the public to rely on, including identification and record keeping;
- Protect the public and preserve the integrity and reliability of notarized transactions; and
- Create a more stable and streamlined system of licensing and accountability that serves the public in an efficient and effective way.

In Vermont, the Secretary of State’s Office (SoS) has long been involved in administering a database of notaries public and the Apostille process (certifications of public documents, including notarized documents) to authenticate notary signatures for those documents to be used in other states and countries. We have also been involved in the training of notaries and the creation of a notary handbook, though not for several years. The Office has done this with existing staff and without any funding.

Under the current structure, notary commissions expire every four years. Commissions are issued from each county for a fee of \$30. Of that \$30, \$15 accrues to the county and \$15 to the General Fund (GF). There are approximately 14,000 notaries currently commissioned at the beginning of the 2015-2019 cycle. That number will climb to 16-18,000 over the next four years. A few thousand of those are “ex officio” notaries and do not pay a fee (town clerks and their assistants, for example).

Using very rough figures and the conservative number of 14,000 notaries, that is approximately \$420,000 every four years or \$105,000 / year. Of that half goes to the GF (~50k annually) and half to the county per notary (ranging from ~\$200 annually in Essex to ~\$12k annually in Chittenden).

H.206 proposes doubling the notary fee by increasing the renewal period from every four years to every two years. This would generate an additional \$100k per year and would split those fees 30/30/40 to the County/GF/SoS.

Assuming notary commissions remain consistent, this translates to annual revenue of approximately \$840k every four years, \$210k annually, and a three way division of \$63K for the counties, \$63K for the GF and \$84K for the SoS.

The fee is divided this way because the bulk of the workload lands on the Secretary of State’s Office and requires us to acquire a centralized online commissioning system, continue the notary database, adopt rules, and continue issuing apostilles.

This proposal was a compromise to preserve existing county and state revenue while funding the Secretary of State’s Office appropriately to move the Vermont notary law, standards, and commissioning system into the 21st century for the benefit of all Vermonters.