

# Vermont Legislative Joint Fiscal Office

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## *FISCAL NOTE*

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### **H.206 An Act Relating to Regulating Notaries Public**

#### **Bill Summary**

The proposed bill would restructure the current statutes related to notaries public. A part of the restructuring would be to alter the current notary commissioning fee statute to require renewal of commissions every two years instead of every four years as is currently the law. The current fee of \$30 per commissioning would remain the same. The allocation of fee revenue would change from the current formula of half to the State General Fund and half to the county, to an allocation as follows:

|                |                |
|----------------|----------------|
| State:         | \$9.00         |
| County:        | \$9.00         |
| Sec. of State: | <u>\$12.00</u> |
| Total          | \$30.00        |

The Secretary of State would like some revenue from this fee in order to develop a new centralized online commissioning system as well as to fund its existing work in support of notary commissions, to include training, maintaining an online database, issuing apostilles and adopting new rules.

#### **Fiscal Impact**

Under the current notary commissioning structure of a 4-year commissioning term, most commissions are renewed in a one-year period. The most recent large group of commissions took place in 2015. See box below (numbers are actual):

| <b>Year</b> | <b>Commissions</b> | <b>General fund</b> | <b>County Revenue</b> | <b>Total</b> |
|-------------|--------------------|---------------------|-----------------------|--------------|
| 2015        | 11,188             | \$167,820           | \$167,820             | \$335,640    |

The bill would take effect on July 1, 2017, at which time the applicants would begin to follow the new two-year commissioning period. The next large group of commissions would not take place until 2019. There will be some lower revenues to the State and to the Counties in the

intervening years and in 2019 as the Secretary of State will begin to collect some of the revenue from commissioning fees. See box below (numbers are estimated<sup>1</sup>):

| <b>Year</b>   | <b>Commissions</b> | <b>General fund</b> | <b>County</b> | <b>Sec. of State</b> | <b>Total</b> |
|---------------|--------------------|---------------------|---------------|----------------------|--------------|
| 2015 (actual) | 11,188             | \$167,820           | \$167,820     | -                    | \$335,640    |
| 2016          | 980                | \$14,700            | \$14,700      | -                    | \$29,400     |
| 2017          | 980                | \$11,760            | \$11,760      | \$5,880              | \$29,400     |
| 2018          | 980                | \$8,820             | \$8,820       | \$11,760             | \$29,400     |
| 2019          | 11,550             | \$103,950           | \$103,950     | \$138,600            | \$346,500    |

While the General Fund and the counties would lose some money year-over-year from 2017 through 2019, the cumulative revenues over the four-year period from 2019 through 2022 would make both entities whole and would likely result in some net revenue gains.

| <b>Year</b>      | <b>2016</b> | <b>2017</b>      | <b>2018</b>      | <b>2019</b>       |
|------------------|-------------|------------------|------------------|-------------------|
| GF (current)     | \$14,700    | \$14,700         | \$14,700         | \$173,250         |
| GF (Bill)        | \$14,700    | \$11,760         | \$8,820          | \$103,950         |
| Difference       | <b>\$0</b>  | <b>(\$2,940)</b> | <b>(\$5,880)</b> | <b>(\$69,300)</b> |
|                  |             |                  |                  |                   |
| County (current) | \$14,700    | \$14,700         | \$14,700         | \$173,250         |
| County (Bill)    | \$14,700    | \$11,760         | \$8,820          | \$103,950         |
| Difference       | <b>\$0</b>  | <b>(\$2,940)</b> | <b>(\$5,880)</b> | <b>(\$69,300)</b> |
|                  |             |                  |                  |                   |
| SOS (current)    | \$0         | \$0              | \$0              | \$0               |
| SOS (Bill)       | \$0         | \$5,880          | \$11,760         | \$138,600         |
| Difference       | <b>\$0</b>  | <b>\$5,880</b>   | <b>\$11,760</b>  | <b>\$138,600</b>  |

<sup>1</sup> Per the Secretary of State's office, there are conservatively estimated to be 14,000 commissions during the 4-year period from 2016-2019. Based on 2011-2014 numbers, it is assumed that 7% of commissions will be made per year in years 1-3 and 79% will be made in year 4. As the bill goes into effect halfway through calendar year 2017, this estimate assumes that the Sec. of State will receive only half of the revenue it would receive in 2018 and the rest is split evenly between the State and the county. The 2019 estimate would include renewals of 2015 and 2017 commissions.