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REVISED
FISCAL NOTE
(replaces fiscal note dated February 6, 2019)

Drafting Number:	LLS 19-0656	**Date:**	February 26, 2019
Prime Sponsors:	Rep. Duran; Carver	**Bill Status:**	House Finance
	Sen. Rodriguez	**Fiscal Analyst:**	Katie Ruedebusch | 303-866-3001
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Bill Topic:	REMOTE NOTARIES PROTECT PRIVACY

Summary of Fiscal Impact:	⊠ State Revenue	☐ TABOR Refund
	⊠ State Expenditure	☐ Local Government
	☐ State Transfer	☐ Statutory Public Entity
	The bill authorizes a notary public to perform a notarial act for remotely located individuals and provides certain privacy protections. It increases state cash fund revenue and expenditures on an ongoing basis beginning in FY 2020-21.	
Appropriation Summary:	No appropriation is required.	
Fiscal Note Status:	The fiscal note reflects the bill as amended by the House State, Veterans, and Military Affairs Committee.	

Table 1
State Fiscal Impacts Under HB 19-1167

		FY 2019-20	FY 2020-21	FY 2021-22
Revenue	Cash Funds	-	$28,716	$28,716
	Total	**-**	**$28,716**	**$28,716**
Expenditures	Cash Funds	-	$66,035	$22,929
	Centrally Appropriated	-	$5,383	$5,789
	Total	**-**	**$71,418**	**$28,718**
	Total FTE	**-**	**0.4 FTE**	**0.4 FTE**
Transfers		-	-	-
TABOR Refund	General Fund	-	-	-

HB 19-1167

Summary of Legislation

Beginning January 1, 2021, the bill allows a notary public to perform notarizations for remotely located individuals for electronic documents related to:

• matters before a court, governmental entity, or other entity in the U.S.;
• property located in the U.S.; and
• transactions substantially related to the U.S.

Remote notarizations cannot be used for changes to estate documents or records related to the electoral process.

Remotely located individuals must appear before the notary using a technology that allows communication with both sight and sound simultaneously. The certificate of notarial act must indicate that the notarial act was performed using an audio-visual communication technology. The bill also establishes standards for verifying the identity of the remotely located individual. In addition, notaries must notify the Secretary of State when notarizing for remote individuals and identify the technology they are planning to use. Communication technology providers and providers who store audio-visual recordings of remote notary acts must have registered agent in the state that may accept service of process.

Notaries public and communication technology providers may not use personal information collected during the notarial act for anything other than completing the notarial act or as necessary to effect, administer, enforce, service, or the process the transaction.

The Secretary of State may adopt rules establishing the standards, requirements, and procedures related to notarial acts for remotely located individuals.

Assumptions

This fiscal note assumes that the Secretary of State will register six communication technology providers for remote communication technology. The Secretary of State will also process and investigate 27 remote notary complaints per year.

State Revenue

Beginning in FY 2020-21, the bill increases state cash fund revenue in the Department of State by $28,716 per year.

Fee impact on Department of State. Colorado law requires legislative service agency review of measures which create any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by Department of State based on cash fund balance, estimated program costs, and the estimated number of registrations subject to the fee. This fiscal note assumes ongoing costs only will be covered by fee revenue. Table 2 below identifies the fee impact of this bill.

Table 2
Fee Impact on Communication Technology Providers

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2019-20	Communication Technology Provider Fee	-	-	-
		FY 2019-20 Total		**-**
FY 2020-21	Communication Technology Provider Fee	$4,786	6	$28,716
		FY 2020-21 Total		**$28,716**
FY 2021-212	Communication Technology Provider Fee	$4,786	6	$28,716
		FY 2021-22 Total		**$28,716**

State Expenditures

The bill increases cash fund expenditures by $71,417 and 0.4 FTE in FY 2020-21, and $28,718 and 0.4 FTE in FY 2021-22 from the Department of State Cash Fund.

Table 3
Expenditures Under HB 19-1167

	FY 2019-20	FY 2020-21	FY 2021-22
Department of State			
Personal Services	-	$18,083	$22,549
Operating Expenses and Capital Outlay Costs	-	$0	$380
Computer Programming	-	$47,952	-
Centrally Appropriated Costs*	-	$5,383	$5,789
FTE – Personal Services	-	0.4 FTE	0.4 FTE
Total Cost	**-**	**$71,418**	**$28,718**
Total FTE	**-**	**0.4 FTE**	**0.4 FTE**

* Centrally appropriated costs are not included in the bill's appropriation.

Department of State. The Department of State will require 0.4 FTE to implement this program beginning in FY 2020-21. Impacts for FY 2020-21 are prorated to account for a January 2021 implementation date. The additional FTE will process and investigate notary complaints; engage in rulemaking; certify and track communication technology providers; create a system for tracking remote notaries; and update forms, manuals, and the department's website.

In addition, in FY 2020-21, one-time computer programming costs of $47,952 are required to update the existing notary web application system. Programming costs for contract staff are calculated at 444 hours at a rate of $108 per hour. Cost estimates are based on a similar system implementation for durable medical equipment.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be $5,383 in FY 2020-21 and $5,789 in FY 2021-22.

Effective Date

The bill takes effect January 1, 2021, and if no referendum petition is filed.

State and Local Government Contacts

Secretary of State