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Fiscal Note

Drafting Number: LLS 23-0324 Date: March 3, 2023
Prime Sponsors: Sen. Rodriguez; Rich Rep. Duran; Pugliese Bill Status: Senate Business
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Bill Topic: SUNSET REVISED UNIFORM LAW ON NOTARIAL ACTS

- Summary of Fiscal Impact:
[X] State Revenue [X] TABOR Refund
[X] State Expenditure [] Local Government
[] State Transfer [] Statutory Public Entity

Sunset Bill. This bill continues the regulation of notary publics by the Secretary of State, which is scheduled to repeal on September 1, 2023. State fiscal impacts include both new revenue and expenditures from changes to the program under the bill, as well as the continuation of the program's current revenue and expenditures. The program is continued through September 1, 2032.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$96,568 to the Secretary of State.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 23-153^1

Table with 4 columns: Category, Sub-category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include New Impacts (Revenue, Expenditures, Total Expenditures, Total FTE), Other Budget Impacts (TABOR Refund), and Continuing Impacts (Revenue, Expenditures, Continuing FTE, Other Budget Impacts).

^1 Table 1 shows the new impacts resulting from changes to the program under the bill and the continuing impacts from extending the program beyond its current repeal date. The continuing program impacts will end if the bill is not passed and the program is allowed to repeal.

Summary of Legislation

The bill implements the recommendations of the Department of Regulatory Affairs' (DORA) sunset review of the Revised Uniform Law on Notarial Acts, and continues regulation of notary publics by the Secretary of State (SOS) until September 1, 2032.

Under current law, notary public fees are fixed at not more than \$5 per document and up to \$10 for a notary's electronic signature. This bill repeals the statutory fees and requires that the SOS adopt rules that establish caps for notary fees. The SOS must also adopt rules for the minimum requirements for the use of interpreters and translators in the performance of notarial acts. Finally, the bill repeals obsolete language requiring that a notary include the expiration date of his or her office on certificates of notarial acts.

Continuing Program Impacts

Based on the DORA's 2022 Sunset Review, the SOS is expected to have revenue and expenditures of about \$72,000 and 2.0 FTE to regulate notary publics. If this bill is enacted, current revenue and expenditures will continue for the program starting in FY 2024-25. This continuing revenue is subject to the state TABOR limits. If this bill is not enacted, the program will end on September 1, 2024, followed by a wind-down period, and state revenue and expenditures will decrease starting in FY 2024-25 by the amounts shown in Table 1. The changes to the program that drive additional revenue and costs are discussed in the State Revenue and State Expenditures sections below.

State Revenue

The bill may increase business filing fee revenue by up to \$107,925 in FY 2023-24 and up to \$42,339 in FY 2024-25, paid to the Department of State Cash Fund.

Fee impact on businesses and professions. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. To cover the costs described in the State Expenditures section below, notary registration and other business filing fees may need to be raised to cover all or some of the costs of this bill. The fees affected and the actual amount of fee charges will be set administratively by the DOS based on cash fund balance, total program costs, and the estimated number of professional activities subject to fees. This revenue is subject to TABOR.

State Expenditures

The bill increases state expenditures in the SOS by \$107,925 in FY 2023-24, and by \$42,339 in FY 2024-25, paid from the Department of State Cash Fund. New expenditures are displayed in Table 3 and described below.

**Table 3
 Expenditures Under SB 23-153**

	FY 2023-24	FY 2024-25
Secretary of State		
Personal Services	\$38,953	\$23,919
Operating Expenses	\$945	\$675
Capital Outlay Costs	\$6,670	-
Economic Consultant	\$50,000	\$10,000
Centrally Appropriated Costs ¹	\$11,357	\$7,745
Total Cost	\$107,925	\$42,339
Total FTE	0.7 FTE	0.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Personal services. The Business and Licensing Division in the SOS will have increased costs for additional management, technical and administrative staff totaling 0.7 FTE in FY 2023-24, which reduces to 0.5 FTE in FY 2024-25 and subsequent years. Staff are needed to adopt rules for notary fees and the use of translators and interpreters, to update website and informational documents, and for customer support.

Economic consultant. When adopting rules to set notary public fees, the SOS will work with an outside economist or consultant to conduct market research, and make recommendations on appropriate fee amounts and a schedule for revising rules and fees. This work will be most significant in FY 2023-24 and less involved in subsequent years.

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 shown in Table 3.

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2022 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2024-25. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$96,568 to the Secretary of State from the Department of State Cash Fund.

State and Local Government Contacts

Law

Secretary of State