

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2100 - HB 2176

February 18, 2020

SUMMARY OF BILL: Increases, from four to eight years, the term of office for a commission as a notary public.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –

\$58,000/Each Year FY20-21 through FY23-24/General Fund

Forgone State Revenue –

\$43,500/Each Year FY20-21 through FY23-24/Secretary of State

Increase State Expenditures – \$5,000/FY20-21/Secretary of State

Decrease Local Revenue – \$81,200/Each Year FY20-21 through FY24-25

Assumptions relative to notary public commission fees:

- Pursuant to Tenn. Code Ann. § 8-16-106 and § 8-21-201(2), the current fees are assessed for filing a notary public commission:
 - A fee of \$5.00 to the Secretary of State (SOS), which is deposited into the General Fund; and
 - A fee of \$7.00 to the applicable county clerk.
- According to the SOS, approximately 23,200 commissions are issued each year.
- Commissions expire after four years and must be renewed. The precise number of commissions filed in any given year which are renewals is unknown; however, it is reasonably estimated that half, or 11,600 (23,200 / 2), of those issued are renewals.
- The proposed language will result in a decrease in state and local revenue associated with payment of commission filing fees for four years while the commission renewal cycle adjusts.
- The proposed language will result in a decrease in state revenue of \$58,000 (11,600 renewals x \$5), beginning in FY20-21 and occurring each fiscal year through FY23-24.
- The proposed language will result in a mandatory decrease in local revenue of \$81,200 (11,600 renewals x \$7 fee), beginning in FY20-21 and occurring each fiscal year through FY23-24.

Assumptions relative to online notary public application fees:

- The *Online Notary Public Act* was established with Public Chapter 931 of 2018 and permanent rules governing online notaries public were effective January 7, 2020.
- Pursuant to Tenn. Code Ann. § 8-16-306:
 - A person who has been commissioned as a notary public may apply to the SOS to be commissioned as an online notary public; and
 - The SOS may charge an application fee.
- Pursuant to 1360-07-03-.02 of the effective rules governing online notaries public:
 - To be considered for a commission as an online notary public, a candidate must be previously commissioned as a notary public, and pay a \$75 application fee to the SOS; and
 - Regardless of when an online notary public commission is issued, it expires at the same time the notary public's commission expires.
- According to information provided by the SOS, since July 1, 2019, the SOS has received 44 applications for online notaries public.
- Beginning FY20-21, at least 5 percent, or 1,160 (23,200 x 5%) of notaries public will apply to be an online notary public annually.
- Half of those applying, or 580 (1,160 / 2), will have a commission which would have expired in the current fiscal year, in the absence of this legislation.
- The proposed language will result in forgone state revenue for the SOS for four years while the commission renewal cycle adjusts.
- The proposed language is estimated to result in forgone state revenue of \$43,500 (580 x \$75), beginning in FY20-21 and occurring each fiscal year through FY23-24.

Assumptions relative to software updates:

- According to the SOS, software updates will be required in order to account for changing the notary public commission term lengths. Such updates will be performed by the current vendor, Tecurity. The one-time increase in state expenditures is estimated to be \$5,000, paid by the SOS, in FY20-21.

Assumptions relative to total fiscal impact:

- The proposed language will result in the following:
 - A decrease in state revenue to the General Fund of \$58,000, beginning in FY20-21 and occurring in each fiscal year through FY23-24;
 - Forgone state revenue for the SOS of \$43,500, beginning in FY20-21 and occurring in each fiscal year through FY23-24;
 - A one-time increase in state expenditures for the SOS of \$5,000 in FY20-21; and
 - A decrease in local revenue of \$81,200 beginning in FY20-21 and occurring in each fiscal year through FY23-24.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jrh