

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-3109/1	Introduction Number AB-0293
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Description
 online notaries public and electronic notarizations, granting rule-making authority, and providing a penalty

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
- Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
- Decrease Existing Appropriations
 Decrease Existing Revenues
 Yes No
- Create New Appropriations Decrease Costs

Local:

- No Local Government Costs
 - Indeterminate
 - 1. Increase Costs 3. Increase Revenue
 Permissive Mandatory
 Permissive Mandatory
 - 2. Decrease Costs 4. Decrease Revenue
 Permissive Mandatory
 Permissive Mandatory
5. Types of Local Government Units Affected
- Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DFI 6/20/2019

LRB Number	19-3109/1	Introduction Number	AB-0293	Estimate Type	Original
Description online notaries public and electronic notarizations, granting rule-making authority, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Department of Financial Institutions reviews applications for notaries public and grants those applications that meet the statutory requirements. Wis. Stat. § 137.01. The above-referenced bill would create a new notary designation (the “online notary public”) and a registration requirement for vendors that offer software and other systems to assist these notaries in satisfying the proposed statutory requirements (“online notarization system providers”).

In arriving at its fiscal estimates, the Department has divided the costs of implementation into three categories, and has made the following assumptions regarding each:

ONE-TIME COSTS ASSOCIATED WITH REQUIRED MODIFICATIONS TO THE DEPARTMENT'S EXISTING ELECTRONIC FILING SYSTEM FOR NOTARIES

At present, the Department maintains an internal database for notary commissions and filings, as well as a publicly accessible and searchable database that enables any member of the public to verify whether a given person is a commissioned notary in this state.

These systems will need to be modified to accommodate a new type of notary designation, a new category of registrant, and a new type of required notice filing set forth in proposed Section 137.01(10)(d)2. Because the legislation would require online notarization system providers to make those notice filings within five days of enrolling a new notary (rather than submitting an annual or quarterly bulk list of new enrollees), the Department assumes that there will be a high volume of such filings.

The Department would use IT contractors to develop new applications and modify existing ones to facilitate the new legislation. The Department arrived at this estimate by multiplying the anticipated number of hours required for each type of contractor (project lead, application developer, database administrator, etc.) by the average hourly rate each type charges to the Department. Based on those calculations, the Department estimates that this work will create a one-time cost to the Department of \$175,734.89.

ONE-TIME COSTS ASSOCIATED WITH DEVELOPMENT OF MANDATORY RULES

The bill requires the Department to promulgate rules setting “standards for online notaries public,” “security standards for accessing electronic notarization systems,” and “standards for online notarization, credential analysis, identity proofing, and communication technology,” among others. The Department will need to consult with IT professionals in developing proposed standards, weighing public comments about them, and evaluating alternative proposals. Using the same type of calculation employed in the prior category above, the Department estimates this assistance in mandatory rulemaking will create a one-time cost to the Department of \$17,559.64.

ONGOING ADMINISTRATIVE COSTS

The Department anticipates that implementation of these new systems and promulgation of the mandatory rules will require substantial staff time during the first year following enactment, but less in the following years as it becomes established. As the bill is presently drafted, the Department believes that these time demands will not require an additional full-time position.

That belief, however, is based on the absence of any authorization in the bill for the Department to enforce the standards it is required to promulgate by rule. Therefore, as explained in its Technical Memorandum regarding

this bill, the Department currently contemplates requiring online notarization system providers and/or online notaries public to submit third-party certifications of their compliance with those standards, rather than the Department undertaking its own examinations and compliance audits.

If, however, the legislature modifies the bill to require the Department to actively enforce these standards and rules, then the Department would need to add a full-time examiner with the requisite qualifications to perform examinations and IT systems audits. Including salary, benefits, training, and travel expenses for examinations, the Department estimates that active enforcement of these standards would create an additional annual cost of \$86,847.35.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description online notaries public and electronic notarizations, granting rule-making authority, and providing a penalty			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$193,294.53			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$66,847	\$
(FTE Position Changes)			
State Operations - Other Costs		20,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$86,847	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS (PRO)		86,847	
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$86,847	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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