



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #301

Notary Application Fee Increases (Financial Institutions)

[LFB 2021-23 Budget Summary: Page 198, #10]

CURRENT LAW

Wisconsin statutes govern the notary public application fees (s. 140.02). Among other requirements, four-year notary public applicants are required to pay a \$20 application fee (s. 140.02(1)(a)) and permanent (attorney) notary public applicants are required to pay a \$50 application fee (s. 140.02(2)).

With certain exceptions, fees and assessments imposed on regulated entities and individuals by the Department of Financial Institutions (DFI) are deposited in DFI's general program operations appropriation. Base funding of \$18,446,700 PR is provided for DFI's general program operations. Any balance in this appropriation at the close of a fiscal year transfers to the general fund.

DISCUSSION POINTS

1. Under current law, with some exceptions, all moneys received by the Department, other than by the Office of Credit Unions and the Division of Banking, and 88 percent of all moneys received by the Office of Credit Unions and the Division of Banking is credited to the Department's general program operations appropriation, and any balance at the close of a fiscal year under the appropriation transfers to the general fund. Any increase to DFI fees generally has a corresponding increase to the general fund, including increases to notary public fees.

2. A notary public is an individual issued an appointment by the Secretary of the Department of Financial Institutions to serve the public as an impartial witness, performing notarial acts as are allowed or required by law. Any United States resident 18 years of age or older who has at least the equivalent of an eighth grade education, has passed the notary exam, available online, with 90% or better within one year of applying (for non-attorneys), and has demonstrated adherence to laws according to the Wisconsin Statutes with regard to arrests and convictions, is eligible to apply

for a Wisconsin Notary Public Commission. Applicants must also submit an application form with requisite signatures and stamps/seals, and non-attorney applications must complete an oath of office form with requisite signatures and stamps/seals.

3. In addition, notary publics must pay an application fee. Under current law, non-attorneys must pay \$20 to receive a four-year commission and must purchase a \$500 bond. While not specified in statute, non-attorney notary publics must pay an additional \$20 fee and submit a new application when renewing his or her notary commission. Attorneys must pay \$50 and be in good standing with the Wisconsin Supreme Court to receive a permanent commission. Notary fees were last adjusted in Wisconsin in October, 1997, (under 1997 Act 27) when the fee increased from \$15 to \$20 for a four-year commission and from \$15 to \$50 for a permanent commission.

4. In comparison to other regional states (including Illinois, Indiana, Iowa, Michigan, and Minnesota), Wisconsin has the second-lowest non-attorney registration fee at \$20 (Michigan has the lowest, at \$10). Each of these states have varying notary commission expiration terms (between three years and eight years), and when the fees are broken down by cost-per-year, Wisconsin still has the second-lowest at \$5 per year (for a four-year term). Minnesota charges the most at \$120 for a five-year term (\$24 per year), which is six times higher than Wisconsin's current non-permanent notary fees.

<u>State</u>	<u>Current Fee</u>	<u>Term</u>	<u>Average Fee/Year</u>
Illinois	\$30	4 years	\$7.50
Indiana	75	8 years	9.38
Iowa	30	3 years	10.00
Michigan	10	6 to 7 years*	1.67
Minnesota	120	5 years	24.00
Wisconsin	20	4 years	5.00

* Notary commissions expire on the birthday of the notary.

5. Nationally, fees for notary publics vary widely. Many states require payment for initial and renewal applications, but some states (such as Utah and Nevada) additionally require payments for exams or training, some states (such as Georgia) have fees that vary by county, and some states (such as Arizona and Wisconsin) require a notaries to purchase a bond in addition to an application fee. In addition, notary terms vary widely by state. According to the National Notary Association, Louisiana is the only state that commissions all notaries for life.

6. According to the National Conference of State Legislatures, Wisconsin and Ohio are the only states that allow for permanent notary commission for attorneys. Given the similar attorney and non-attorney structures and geographic locations, Ohio may serve as a comparison for Wisconsin. Ohio currently charges a \$130 fee for an initial non-attorney notary application, and a \$75 fee for an initial attorney notary application. Non-attorney notaries must pay a \$45 renewal fee every five years. The initial Ohio fees are higher than the current and proposed Wisconsin non-attorney notary public fees and higher than the current, but lower than the proposed Wisconsin attorney notary public fee. Ohio's non-attorney notary term is also one year longer than the Wisconsin non-attorney term.

7. The bill would increase the non-attorney notary public application fee from \$20 to \$40

and increase the attorney notary public application fee from \$50 to \$100. These changes would first apply to applications filed and first take effect on the first day of the third month after publication of the bill. Under the bill, the notary fee increases are estimated to increase revenue by \$223,200 in 2021-22 and by \$297,600 in 2022-23. In total, the \$520,800 in revenue would be deposited into the Department's general program operations appropriation and would transfer to the general fund at the close of the fiscal year.

8. The bill's revenue estimate of \$223,200 in 2021-22 and \$297,600 in 2022-23 and annually thereafter was based on calendar year 2019 filings (2020 had slightly fewer filings) and assumes that the fee would be paid for 14,130 four-year notaries and 300 permanent notaries. In addition, the 2021-22 estimate reflects nine months of projected revenues to reflect the delayed effective date of the changes under the bill. [Alternative 1]

9. The Committee could also opt to increase the application fees by amounts other than the proposed \$20 and \$50 increases. For example, reducing the bill's proposal by 50% would increase the four-year notary fee by \$10 instead of \$20 and would increase the permanent notary fee by \$25 instead of \$50. This would result in an estimated revenue increase of \$111,600 in 2021-22 and \$148,800 in 2022-23 and annually thereafter. Similarly, increasing the proposal by an additional 50% (for a total increase of 150%) would increase the four-year notary fee by \$30 instead of \$20 and would increase the permanent notary fee by \$75 instead of \$50. This would result in an estimated revenue increase of \$334,800 in 2021-22 and \$446,600 in 2022-23. Either of these alternatives would make the four-year notary fee amount consistent with fee-per-year ranges imposed by other states (for example, Minnesota would still be higher at \$24 per year, and Michigan would still be lower at \$1.67 per year). [Alternatives 2a. and 2b.]

<u>Percent Change</u>	<u>Notary Fee Type</u>	<u>Increase Fees by</u>	<u>Increase Fees to</u>	<u>Estimated Revenue</u>	
				<u>2021-22</u>	<u>2022-23</u>
50%	Four-Year	\$10	\$30	\$105,975	\$141,300
	Permanent	\$25	\$75	<u>5,625</u>	<u>7,500</u>
Total				\$111,600	\$148,800
150%	Four-Year	\$30	\$50	\$317,925	\$423,900
	Permanent	\$75	\$125	<u>16,875</u>	<u>22,500</u>
Total				\$334,800	\$446,400

10. The Committee could also maintain the notary fees under current law (\$20 for four-year, non-attorney notaries and \$50 for permanent, attorney notaries). This alternative would not provide any increase in revenue for the Department or increase the transfer to the general fund. No fee increases were identified in DFI's 2021-23 agency budget request. [Alternative 3]

ALTERNATIVES

1. Increase the four-year notary public application fee from \$20 to \$40 and increase the permanent notary public application fee from \$50 to \$100. Modify statutes in accordance with these changes. This alternative would increase the current notary fees by 100% and would increase revenue by an estimated \$223,200 in 2021-22 and by an estimated \$297,600 in 2022-23 and annually

thereafter.

ALT 1	Change to Base
PR-REV	\$520,800
GPR-REV	\$520,800

2. Adopt one of the notary public fee increases specified below (2a. would increase notary fees 50% and 2b. would increase notary fees by 150%). Modify statutes in accordance with these changes.

a. Increase fees by 50% from current law (increase the four-year notary fee by \$10 (for a total fee of \$30) and increase the permanent notary fee by \$25 (for a total fee of \$75)). This alternative would increase revenue by \$111,600 in 2021-22 and \$148,800 in 2022-23 and annually thereafter.

ALT 2a	Change to Base
PR-REV	\$260,400
GPR-REV	\$260,400

b. Increase fees by 150% from current law (increase the four-year notary fee by \$30 (for a total fee of \$50) and increase the permanent notary fee by \$75 (for a total fee of \$125)). This alternative would increase revenue by \$334,800 in 2021-22 and \$446,400 in 2022-23 and annually thereafter.

ALT 2b	Change to Base
PR-REV	\$781,200
GPR-REV	\$781,200

3. Take no action.

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