

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5992-02
Bill No.: Truly Agreed To and Finally Passed HCS for SB 932
Subject: Credit Unions; Notary Public
Type: Original
Date: June 7, 2016

Bill Summary: This proposal modifies provisions of law relating to credit union account verification.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$35,996)	(\$43,526)	(\$43,861)
Total Estimated Net Effect on General Revenue	(\$35,996)	(\$43,526)	(\$43,861)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	1	1	1
Total Estimated Net Effect on FTE	1	1	1

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any Of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Courts Administrator**, the **Office of Prosecution Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, and the **Department of Corrections** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

SOS also assumed §486.245.2 and §486.285.1 introduces a new process for the Commissions Unit that is located within the Business Services Division.

§486.245.2 would require the ability to search for old notary information such as old expiration dates and old commission numbers which is not currently searchable. This would require modifications to the current notary system by the SOS IT Division.

§486.285.1 requires manufacturers of notary seals to register with the Secretary of State's office. SOS assume the registration would be with the Commissions Unit. The registration would require a database be created that contains the registration information along with the communication from the manufacturer that they issued a notary seal to a Missouri notary and information on the approval of the notary seal, which is approved by the Commissions Unit, from the manufacturer.

ASSUMPTION (continued)

Each year SOS receives thousands of notary filings that would require a new notary seal or an issuance of a new notary seal (due to a lost notary seal, etc.). To verify the manufacturer is registered and then approve each notary seal, within 10 days, that the manufacturer has issued would require additional staff. We anticipate 1 FTE would need to be created with a salary of \$26,000 per year.

There would be no cost to modify the current notary filing system or to implement the new database that would store the manufacturer's information as the SOS IT Division would be able to make the required changes and create the database. The estimate that one additional full-time employee would be needed is based upon the estimate of how many notary filings would be processed per year divided by the number of working days per year.

For the purpose of this proposed legislation, officials at the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide effective representation for any new cases arising where indigent persons are charged with the proposed new crime of willfully impersonating a notary public is a new Class E felony. The SPD is currently providing legal representation in caseloads in excess of recognized standards.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Cost - SOS §§486.245 & 486.285</u>			
Personal Service	(\$21,667)	(\$26,260)	(\$26,523)
Fringe Benefits	(\$14,329)	(\$17,266)	(\$17,338)
<u>Total Cost - SOS</u>	<u>(\$35,996)</u>	<u>(\$43,526)</u>	<u>(\$43,861)</u>
FTE Change - SOS	1 FTE	1 FTE	1 FTE
 ESTIMATED NET EFFECT ON GENERAL REVENUE	 <u>(\$35,996)</u>	 <u>(\$43,526)</u>	 <u>(\$43,861)</u>
 Estimated Net FTE Change on the General Revenue Fund	 1 FTE	 1 FTE	 1 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Under current law, a credit union supervisory committee is required to make a direct verification of members' share and loan accounts once every two years with a reasonable statistical sampling of members accounts being made in alternate years. This act removes that provision and instead requires that a credit union supervisory committee make a verification of members' share and loan accounts in the same manner and with the same frequency as required by federal law for federal credit unions.

This act modifies the Uniform Insurer's Liquidation Act by enacting new provisions relating to federal home loan banks.

FISCAL DESCRIPTION (continued)

Specifically, federal home loan banks may not be stayed or prohibited from exercising rights regarding collateral pledged by an insurer-member. Furthermore, any federal home loan bank which does assert its rights in such circumstances is required to repurchase any outstanding stock that exceeds the amount of bank stock the insurer-member is required to hold as a minimum investment, provided that the bank determines in good faith that such repurchase is permissible under current law.

The act also requires federal home loan banks to establish a time line to govern the handling of collateral within ten days after a receiver's appointment. The time line shall establish the release of certain collateral, redemption or repurchase of federal home loan bank stock and payment of fees owed by insurers regarding federal home loan bank accounts.

The act specifies that a receiver cannot void transfers or obligations to transfer any property associated with any federal home loan bank security agreement. However, the act provides an exception for when any transfer is made with intent to hinder, delay or defraud the insurer, the receiver or creditors.

The act further modifies provisions relating to notaries. Specifically, the Secretary of State is required to maintain a database that includes information that is contained on each notary's seal or any lost seal of a notary public.

The act also provides that a signature or record will be deemed notarized if the electronic signature of the notary is attached with the signature or record.

A manufacturer of a notary public's seal is required to register with the Secretary of State and communicate with the Secretary when the manufacturer issues a seal to a someone in Missouri, and failure to do so results in a one thousand dollar fine for each violation.

Any notary public who loses or misplaces their journal of notarial acts or official seal must immediately provide written notice of the fact to the Secretary of State. For a lost or misplaced official seal, upon receipt of the written notice, the Secretary of State is required to issue the notary a new commission number for the notary to order a new seal. The Secretary of State may post notice on the Secretary of State's website notifying the general public that the lost or misplaced notary seal and commission number of that notary is invalid and is not an acceptable notary commission number.

If a notary public's official seal is destroyed, broken, damaged, or otherwise rendered inoperable, the notary must immediately provide written notice of that fact to the Secretary of State.

FISCAL DESCRIPTION (continued)

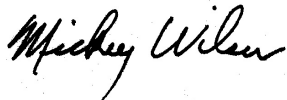
If any notary public no longer desires to be a notary public, he or she must mail or deliver to the Secretary of State a letter of resignation and their notary seal, and their commission will cease to be in effect. The Secretary of State may post notice on the Secretary of State's website notifying the general public that the notary is no longer a commissioned notary public in the state of Missouri.

A person who unlawfully acts as a notary public is guilty of a Class E felony, rather than a misdemeanor punishable by a fine of less than five hundred dollars or by imprisonment for less than six months.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Office of the Secretary of State
Department of Corrections
Office of the State Courts Administrator
Office of Prosecution Services
Office of the State Public Defender



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June 7, 2016

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June 7, 2016