

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4225-01
Bill No.: SB 580
Subject: Secretary of State; Civil and Criminal Procedure; Newspapers and Publications
Type: Original
Date: January 22, 2018

Bill Summary: This proposal allows legally required notice to be published on a website established and maintained by the Secretary of State.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------------------------|-------------------------------|-------------------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| General Revenue Fund | \$74,838 to \$683,168 | \$225,605 to \$955,605 | \$224,855 to \$954,855 |
| Total Estimated Net Effect on General Revenue | \$74,838 to \$683,168 | \$225,605 to \$955,605 | \$224,855 to \$954,855 |
| | | | |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on Other State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| General Revenue Fund | 2 FTE | 2 FTE | 2 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 2 FTE | 2 FTE | 2 FTE |

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 2019 | FY 2020 | FY 2021 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume the proposal would require the SOS to develop a web page to allow the electronic submission and publication of legally required notices. The Information Technology Division estimates these costs at \$113,788.92 in FY 2019, with ongoing storage/production costs of \$43,796.91 in FY 2019 and each year thereafter. The FY 2019 cost is lower because the proposal will not take effect until September (\$43,796.91 x 10/12). The Publications Division will require 2 additional FTEs to process deposits, customer inquiries/requests and the queue of electronic signatures at an initial salary of \$29,580 and \$27,624. Costs for supplies necessary to process customer requests are unknown at this time. Paid legal notice postings are estimated to average between 100 and 300 per day, at \$10 per posting, 365 days per year.

FY 2019

FTE salaries/benefits: (\$79,046)

IT development: (\$150,826)

Deposits: \$304,170 - \$912,500 (100x10x365x10/12 [rounded to nearest \$10] - 300x10x365x10/12)

Net benefit to state: \$74,298 - \$682,628

FY 2020

FTE salaries/benefits: (\$95,598)

IT development: (\$43,797)

Deposits: \$365,000 - \$1,095,000 (100x10x365 - 300x10x365)

Net benefit to state: \$225,605 - \$955,605

FY 2021

FTE salaries/benefits: (\$96,348)

IT development: (\$43,797)

Deposits: \$365,000 - \$1,095,000 (100x10x365 - 300x10x365)

Net benefit to state: \$224,855 - \$954,855

In addition, officials from the SOS assume 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 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

ASSUMPTION (continued)

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.

Officials from the **Office of State Courts Administrator** assume the proposal will have no fiscal impact on their organization.

This proposal could increase Total State Revenue.

| <u>FISCAL IMPACT - State Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|--|---|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Revenue</u> - SOS - Fees for publishing notices ranged from 100 to 300 (per day) at \$10 each | \$304,170 - \$912,500 | \$365,000 - \$1,095,000 | \$365,000 - \$1,095,000 |
| <u>Cost</u> - SOS | | | |
| Salaries | (\$47,670) | (\$57,776) | (\$58,354) |
| Fringe Benefits | (\$31,376) | (\$37,822) | (\$37,994) |
| Equipment and Expense (IT costs) | <u>(\$150,286)</u> | <u>(\$43,797)</u> | <u>(\$43,797)</u> |
| <u>Total Cost</u> - SOS | <u>(\$229,332)</u> | <u>(\$139,395)</u> | <u>(\$140,145)</u> |
| FTE Change - SOS | 2 FTE | 2 FTE | 2 FTE |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | \$74,838 to <u>\$683,168</u> | \$225,605 to <u>\$955,605</u> | \$224,855 to <u>\$954,855</u> |
| Estimated Net FTE change for General Revenue Fund | 2 FTE | 2 FTE | 2 FTE |

| <u>FISCAL IMPACT - Local Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

Small business newspapers could be impacted by this proposal.

FISCAL DESCRIPTION

This act provides that in lieu of publication in a newspaper, a person can publish a legally required notice or advertisement on a website to be established and maintained by the Secretary of State.

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

Office of the Secretary of State
Office of State Courts Administrator

Ross Strope



Acting Director
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