

FISCAL NOTE

Requested by Legislative Council
01/26/2001

Bill/Resolution No.:

Amendment to: HB 1105

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$5,000	\$0	\$5,000
Expenditures	\$0	\$0	\$21,000	\$5,000	\$0	\$5,000
Appropriations	\$0	\$0	\$21,000	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill has been introduced at the request of the Commission on Uniform State Laws and makes a number of changes to the Uniform Commercial Code (UCC), commonly known as Article 9. These UCC documents are filed in the Secretary of State's Central Indexing System (CIS), which is connected to the Register of Deeds in each of the state's 53 counties.

If adopted, this bill will allow for the direct data entry and electronic filing of UCC documents via the Internet on the part of those pre-paid direct filing subscribers that choose to utilize this option. Rather than filing a paper copy, the filer will have the option to file a UCC document via the Internet. As is now the choice with subscriber's to the CIS direct search option, the filing subscriber will choose which county will receive credit for the UCC document filing fee.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The UCC document filing revenue generated under this bill, if adopted, will be equivalent to the revenue generated under the current law.

Under current law, an annual subscription fee is charged to filing customers who have signed on to access the Central Indexing System's (CIS) Internet UCC document search option. A similar subscription fee structure will be

implemented for those customers who wish to electronically file UCC documents via the Internet. This annual subscription fee will offset the various ongoing costs related to supporting and providing the direct filing service for the filing customer. It is expected that the subscription revenue to the agency's general services operating fund will be less than \$5,000 for the biennium. However, it will always exceed the expenditures because the fees will be set accordingly to always cover the cost to the agency for providing the service.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures to operate the Central Indexing System (CIS) will be the same, whether or not this bill is adopted. The operational funding for the CIS is already included in HB 1002, which is the Secretary of State's appropriation bill.

To cover the extra costs associated with supporting and providing the direct Internet filing option, an annual subscription fee will be charged to those customers who wish to electronically file their UCC documents. This subscription fee will be similar in structure, which currently exists in state law for those customers who conduct Internet searches for UCC documents filed in the CIS. This proposed annual subscription fee would offset the various ongoing costs related to supporting and providing the direct filing service for the filing customers. It is expected that the expense charged to the agency's general services operating fund will be less than \$5,000 for the biennium.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

In order to do the computer programming necessary to provide the online direct data entry and electronic filing of UCC documents, the agency will need a one-time appropriation of \$21,000. The funding for this programming is not included in the agency's appropriation bill. Therefore, when the bill was heard by the House Judiciary Committee, the committee agreed to amend HB 1105 to include the required appropriation for the direct data entry.

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Agency: Secretary of State
Date 01/29/2001
Prepared: