

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1235

Amendment to _____

Requested by Legislative Council

Date of Request: 1-15-97

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general and special fund, counties, and cities.

Narrative: Narrative is on the reverse side

2. State fiscal effect in dollar amounts:

1995-97 Biennium		1997-99 Biennium		1999-2001 Biennium	
General Fund	Special Fund	General Fund	Special Fund	General Fund	Special Fund

Revenues:

Although there will be a decrease in revenue, it's anticipated it will be offset by cost savings and increased productivity. Therefore the impact will be neutral.

Expenditures:

3. What, if any, is the effect of this measure on the appropriation of your agency or department:


- a. For the rest of the 1995-97 biennium: **None**
- b. For the 1997-99 biennium: **None**
- c. For the 1999-2001 biennium: **None**

4. County and City Fiscal effect in dollar amounts:

1995-97 Biennium			1997-99 Biennium			1999-2001 Biennium		
<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>
None			None			None		

If additional space is needed, attach a supplemental sheet.

Date Prepared: 1/28/97

Signed 
 Typed Name Alvin A. Jaeger
 Department: Secretary of State
 Phone Number: 328-2900

Fiscal Note Narrative for HB 1235

During the 1995-1997 biennium, it's projected that the Secretary of State's office will collect approximately \$90,000 to \$100,000 in revenue for conducting searches of it's corporate records. The cost to a customer for a typical search is \$5. That is the base search fee as set in state law. The projected revenue of \$100,000 represents approximately 4% of the revenue generated by the corporate division. It represents approximately 2.2% of the total estimated revenue of \$4,500,000 generated by the entire office.

While the revenue is significant, it is believed that the cost of generating it (at \$5 a search) is actually equal to or more than the revenue generated. For example, each search is estimated to take approximately 7 to 10 minutes to complete. A credit card transaction will also average 7 to 10 minutes. A clerk's salary (with benefits) works out to approximately 20 cents per minute. Therefore, the salary expense for a ten minute call would be \$2.00. Other costs include an invoice, establishing a work order number, needing an envelope and postage, opening the mail, receipting the check, depositing the check, the state's processing of the check, computer storage to maintain the work order until the record is audited (one to two years), and especially the loss of public goodwill. Of course, each step along the way also takes time.

Because of the open records law, the public does not understand why very basic corporate related information is not available for free. Therefore, it's not uncommon for the Secretary of State's staff to spend most of their time on the telephone explaining why the customer has to pay the \$5 up front in order to obtain certain information. Most of the time, the information is available in seconds on a computer screen and could easily be given to a customer in a matter of moments. That would result in faster service and a happier customer.

With the increased time gained, it's believed that the Secretary of State's staff could provide better service to other customers who are in the need of more time and attention. For those search requests that are more time extensive, the bill still authorizes the Secretary of State to charge a fee. The increase in efficiency will also increase productivity for the processing of other documents in the office. As a result of the additional time gained, there should be less of a need for overtime, etc. during peak filing times.

Therefore, the Secretary of State believes the impact of the bill will be neutral.