

2021-02-09 SB 360 (Support).pdf

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February 9, 2021

TO: The Honorable William C. Smith, Jr.
Chair, Judiciary Committee

FROM: The Office of the Attorney General

RE: SB 360 – State Government – Notaries Public – Notary Public Fund and Remote
Notarial Acts – **Letter of Support**

Amid a pandemic, Maryland's effort to authorize remote notarizations has become more important than ever. These services allow Marylanders to safely execute documents needed to buy a house or transfer a car. At the same time, the Secretary of State's role in administering notary laws has become just as important, because even remote notaries must be reliable and secure. As the Secretary works to learn and fairly regulate the new technologies that make remote notaries possible, staff and counsel must research and answer new pressing questions. Senate Bill 360 sets aside the money that people pay to become notaries so that it can fund this important work. The guaranteed funding means that the Secretary will have the resources needed to adapt swiftly to this changing industry.

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cc: Members of the Committee

GR 21 - SB 360- MBA written testimony - Notary Pub

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Position: FAV



SB 360 – State Government – Notaries Public – Notary Public Fund and Remote Notarial Acts

**Senate Judicial Proceedings Committee
February 9, 2021**

Support

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional and nation-wide banks that employ more than 26,000 Marylanders and hold more than \$182 billion in deposits in over 1,400 branches across our State. The Maryland banking industry serves about 6 million customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking and more. Banks also provide notary services for customers and, accordingly, scores of bankers are also notaries.

MBA supports SB 360. In 2020, HB 661, which is essentially the same as SB360, passed the House of Delegates. However, the 2020 Legislative Session concluded due to COVID-19 before the legislation could be acted on by the Senate. SB 360 establishes the Notary Public Fund, a special fund administered by the Secretary of State (SOS) for the purpose of providing funding to support the implementation, regulation, administration, and enforcement of the laws governing notaries public. Funding for the Notary Special Fund would be derived from the current \$9 application fee paid by new and renewing notaries. A modest amount of funding would be impacted as Notary application fees amount to approximately \$200,000 annually.

MBA worked with the Notary Workgroup in 2018 that studied the Maryland notary law and made recommendations for changes to the law and the 2019 Notary Workgroup that focused on Remote Online Notarizations. Membership of the Notary Workgroup also included stakeholders from every sector including: bankers, land title professionals, estates and trusts, the auto and real estate industries, Clerk of the Courts, as well as those concerned with the vulnerable and elderly.

During the Notary Workgroups, we learned that the Office of the SOS has only two Notary Officers who process applications; background checks; reference checks; interface with Clerks of the Court in every county for 90,000+ notaries. Further, these two Notary Officers manually document the date each Notary was sworn in by the Clerk of the Court and that Chapter 407 of 2019 that adds tracking Remote Notaries, vetting education vendors, and storing notary journals to their responsibilities.

The Workgroups understood and determined that the Office of the SOS needed modernized technology and additional staff in order to administer and enforce Chapter 407. This new notary law also added additional responsibilities to the Office of the Secretary of State, including remote online notarization, education and testing requirements for new and renewing notaries, which necessarily require additional resources.

Revenues from this Special Fund will provide funding to the Office of the Secretary of State to help pay the licensing and maintenance fees of a new notary database and help to pay for additional staff needed to administer the new notary requirements.

Approving SB360 will improve service to scores of notaries employed by Maryland banks and to the Maryland businesses and citizens who rely on the services of our notaries in 1,400 branches around the state. MBA urges a favorable committee report on SB 360.

SB360 JPR- Notary Special Fund - Feb 9 2021.pdf

Uploaded by: Wobensmith - Secretary of State, John

Position: FAV

STATE OF MARYLAND

EXECUTIVE DEPARTMENT

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JOHN C. WOBENSMITH
SECRETARY OF STATE

Letter of Information for SB 360
Notaries Public - Notary Public Fund and Remote Notarial Acts
Senate Judicial Proceedings Committee
Tuesday, February 9, 2021
by: Office of the Secretary of State

Dear Chairman Smith, Vice Chair Waldstreicher, and members of the Senate Judicial Proceedings Committee:

I want to provide the Committee with some background information on SB 360 Notaries Public - Notary Public Fund and Remote Notarial Acts. The Notary Public Fund would be used by the Office of the Secretary of State exclusively to cover expenses, including the implementation, regulation, administration, and enforcement of Chapter 407 (Senate Bill 678) of 2019.

Our Office regulates, administers, and ensures the enforcement of 90,000+ Notaries Public. SB360 was initially presented during the 2020 Legislative Session as HB 661 and passed the House before the Legislature closed early due to the Coronavirus pandemic. The purpose of SB360 is to augment funding and help to cover the costs to implement, regulate, administer, and enforce Chapter 407.

A Notary Public Special Fund would help defray the costs required to effectively regulate Chapter 407 - specifically to fund the estimated \$80,000 annually for licensing and maintenance fees of the new notary database and infrastructure which is essential for tracking, educating, testing, and identifying Remote Notaries, traditional notaries, etc.

Every day our only two (2) Notary Officers process applications, conduct background checks and reference checks for 90,000+ Maryland notaries, and manually enter the commissioning data for each notary into the database. Entering this data is a

critical function to allow the Public to verify the status of notaries public and whether a notary's commission is current. Additionally, our two (2) Notary Officers communicate with the Clerks of the Court in every Maryland County daily.

SB360 would enable our Office to meet the requirements of Chapter 407 by building the infrastructure to meet the needs of the citizens of Maryland, 90,000+ Notaries Public, and the Legislature's 2019 mandate to implement SB678.

In response to the Governor's Orders, all commissions for notaries public, in good standing, that are set to expire during the State of Emergency were extended. Those renewal commissions were automatically extended until thirty (30) days after the State of Emergency is terminated. Once that occurs, we anticipate an onslaught of renewal commissions, which will become due within 30 days after the State of Emergency is terminated. Additional personnel are essential to meet the needs of our statutory and regulatory requirements, especially as we anticipate an avalanche of work once the State of Emergency is terminated.

The Notary Special Fund would redirect the \$9 application fee paid by a notary from the General Fund to the Notary Public Special Fund to help underwrite the expenses incurred from the requirements of Chapter 407. A notary's commission is eligible for renewal every four (4) years. The amount that would be transferred from General Funds to the Notary Special Fund annually is \$200,000, which represents one fourth of the 90,000 notaries who renew their commissions annually.

In summary, a Notary Public Special Fund could help finance the infrastructure costs to implement, regulate, administer, and enforce Chapter 407 of 2019.

Thank you.

MLTA SB 360 written testimony.pdf

Uploaded by: Friedman, Eli

Position: FWA



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To: Members of The Judicial Proceedings Committee

From: Mark Glazer, Executive Director

Date: February 2, 2021

Subject: SB 360 -- State Government – Notaries Public – Notary Public Fund and Remote Notarial Acts

Position: **Support with Amendment**

The Maryland Land Title Association (MLTA) supports, with a slight amendment, Senate Bill 360 -- State Government – Notaries Public – Notary Public Fund and Remote Notarial Acts. The bill will create The Notary Public Fund as a means to assist the office of the Secretary of State in overseeing and implementing the laws and regulations governing notaries public, including their education, in the State and is consistent with recommendations from the Notary Public Workgroups in 2018 and 2019 that was comprised of all stakeholders.

Our slight amendment is to try to make sure that the Fund is used in connection with the Secretary's duties with respect to regulating, servicing, educating and commissioning of notaries, as well as other functions related to laws governing notaries public in Maryland.

The MLTA appreciates the challenges associated with the efficient use of taxpayer money. Fees flowing into The Notary Public Fund will fluctuate from time to time, but they will all come from commissioned notaries, applicants and those seeking information from the Secretary of State related to them. Thus, the Fund should be used solely for purposes related to notaries public. Because the term "Title" is not found within the definitions of the State Government Article, we urge that the following amendments be made to the bill so there is no misunderstanding in the future:

be amended on lines 22-24 on page 4:

"(C)THE PURPOSE OF THE FUND IS TO PROVIDE FUNDING TO SUPPORT THE ACTIONS OF THE SECRETARY OF STATE IN IMPLEMENTING, REGULATING, ADMINISTERING AND ENFORCING THIS-TITLE 18 OF THE STATE GOVERNMENT ARTICLE."

be amended on lines 6-8 on page 5:

"(G)THE FUND MAY BE USED ONLY TO COVER THE EXPENSES, INCLUDING ADMINISTRATIVE EXPENSES, OF THE OFFICE OF THE SECRETARY OF STATE IN CARRYING OUT THE DUTIES OF THE SECRETARY OF STATE UNDER THIS-TITLE 18 OF THE STATE GOVERNMENT ARTICLE."

SB 360 will provide much needed funds for the Secretary of State to carry out its responsibilities with respect to notaries public. For the reasons stated above, the MLTA **supports SB 360 with amendments** and urges a favorable committee report.