LEGISLATIVE BILL 186

Introduced by Lindstrom, 18.

A BILL FOR AN ACT relating to documents; to amend sections 64-105, 64-113, 64-203, 64-205, and 86-611, Reissue Revised Statutes of Nebraska, and sections 23-1503.01 and 84-618, Revised Statutes Cumulative Supplement, 2018; to adopt the Online Notary Public Act; to change provisions relating to physical appearance before a notary; to provide for transfers of funds; to harmonize provisions; to provide duties relating to real estate documents; to provide a duty for the Revisor of Statutes; to provide operative dates; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. Sections 1 to 18 of this act shall be known as the Online Notary Public Act.

Sec. 2. For purposes of the Online Notary Public Act:
(1) Communication technology means an electronic device or process that allows an online notary public and an individual who is not in the physical presence of the online notary public to communicate with each other simultaneously by sight and sound;
(2) Credential analysis means a process or service operating according to criteria approved by the Secretary of State through which a third person affirms the validity of a government-issued identification credential through review of public and proprietary data sources;
(3) Electronic means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;
(4) Electronic document means information that is created, generated, sent, communicated, received, or stored by electronic means;
(5) Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic document and executed or adopted by a person with the intent to sign the electronic document;
(6) Identity proofing means a process or service operating according to criteria approved by the Secretary of State through which a third person affirms the identity of an individual through review of personal information from public or proprietary data sources;
(7) Online notarial act means the performance by an online notary public of a function authorized under section 8 of this act that is performed by means of communication technology that meets the standards developed under section 7 of this act;
(8) Online notary public means a notary public registered with the Secretary of State who has the authority to perform online notarial acts under the Online Notary Public Act;
(9) Online notary seal means information within a notarized electronic document that confirms the online notary public’s name, jurisdiction, identifying number, and commission expiration date and generally corresponds to the data in notary seals used on paper documents;
(10) Online notary solution provider means a provider of any credential analysis, identity proofing, online notary seals, electronic signatures, or communication technology;
(11) Online notarial certificate means the portion of a notarized electronic document that is completed by an online notary public and that contains the following:
(a) The online notary public’s electronic signature, online notary seal, title, and commission expiration date;
(b) Other required information concerning the date and place of the online notarial act; and
(c) The completed wording of one of the following notarial certificates: (i) Acknowledgment, (ii) jurat, (iii) verification of proof, or (iv) oath or affirmation;
(12) Personal knowledge or personally known means familiarity with an individual resulting from interactions with that individual over a period of time sufficient to dispel any reasonable uncertainty that the individual has the identity claimed;
(13) Principal means an individual:
(a) Whose electronic signature is notarized in an online notarial act; or
(b) Taking an oath or affirmation from the online notary public other than in the capacity of a witness for the online notarial act; and
(14) Remote presentation means transmission to the online notary public through communication technology of an image of a government-issued identification credential that is of sufficient quality to enable the online notary public to:
(a) Identify the individual seeking the online notary public’s services; and
(b) Perform credential analysis.

Sec. 3. (1) To be eligible to register as an online notary public, a
person shall:
(a) Hold a valid commission as a notary public in the State of Nebraska;
(b) Satisfy the education requirement of section 4 of this act; and
(c) Pay the fee required under section 5 of this act.
(2) The Secretary of State shall not accept the registration if the
requirements of subsection (1) of this section are not met.
Sec. 4. (1) Before registering as an online notary public, a notary
public shall take a course of instruction and pass an examination approved by
the Secretary of State. The course of instruction and examination shall be
approved by the Secretary of State by July 31, 2020.
(2) The content of the course and the basis for the examination shall
include notarial laws, procedures, technology, and the ethics of performing
online notarial acts.
Sec. 5. The fee for registering or renewing a registration as an online
notary public shall be in addition to the fee required in section 33-102. The
Secretary of State shall establish the fee by rule and regulation in an amount
sufficient to cover the costs of administering the Online Notary Public Act.
Sec. 6. (1) Before performing an online notarial act, a notary
public shall register with the Secretary of State in a manner prescribed by the
Secretary of State.
(2) In addition to any additional information prescribed by the Secretary
of State, the registration shall include:
(a) The technology the notary public intends to use to perform an online
notarial act. Such technology shall be provided by an online notary solution
provider approved by the Secretary of State;
(b) A certification by the notary that he or she will comply with the
standards developed under section 7 of this act; and
(c) An email address for the notary.
(3) The term of registration as an online notary public shall coincide
with the term of the commission of the notary public.
(4) A person registering to renew registration as an online notary public shall
specify any change in the technology the online notary public intends to use to
perform online notarial acts. Such technology shall be provided by an online
notary solution provider approved by the Secretary of State.
(5) A person registered as an online notary public may renew his or her
online notary public registration at the same time he or she renews his or her
notary public commission.
Sec. 7. (1) The Secretary of State shall adopt and promulgate rules and
regulations:
(a) Creating standards for online notarial acts in accordance with the
Online Notary Public Act, including standards for credential analysis, identity
proofing, and communication technology used for online notarial acts; and
(b) To ensure the integrity, security, and authenticity of online notarial
acts in accordance with the Online Notary Public Act. Such rules and
regulations shall include procedures for the approval of online notary solution
providers by the Secretary of State.
(2) The Secretary of State may adopt and promulgate rules and regulations
to facilitate the utilization of online notarial acts.
Sec. 8. The following types of online notarial acts may be performed by
an online notary public:
(1) Acknowledgments;
(2) Jurats;
(3) Verifications or proofs; and
(4) Oaths or affirmations.
Sec. 9. (1) An online notary public shall keep a secure electronic record
of electronic documents notarized by the online notary public. For each online
notarial act, the electronic record shall contain:
(a) The date and time of the online notarial act;
(b) The type of online notarial act;
(c) The type, title, or description of the electronic document or
proceeding;
(d) The printed name and address of each principal involved in the
transaction or proceeding;
(e) Evidence of identity of each principal involved in the transaction or
proceeding in the form of:
(i) A statement that the principal is personally known to the online
notary public;
(ii) A notation of the type of identification document provided to the
online notary public;
(iii) A record of the identity verification made under section 11 of this
act; or
(iv) The following:
(A) The printed name and address of each credible witness swearing to or
affirming the principal’s identity; and
(B) For each credible witness not personally known to the online notary
public, a description of the type of identification documents provided to the
online notary public;
(f) A recording of any video and audio conference of the performance of
the online notarial act, which shall not contain images of the documents that
were notarized; and
electronic signature and online notary seal to the online notarial certificate, the online notary public's official electronic certificate, card, software, file, password, or program that enables the electronic record or backup record required under section 9 of this act. An electronic signature is current and has not been revoked or terminated by the device's issuing or registering authority.

(3) An online notary public shall keep secure and under his or her exclusive control: The online notary public's electronic signature, online notary seal, and the electronic record and backup record required under section 9 of this act. The online notary public shall not allow another person to use the online notary public's electronic signature, online notary seal, or electronic record or backup record.

(4) An online notary public shall immediately notify an appropriate law enforcement agency and the Secretary of State of the theft or vandalism of the online notary public's electronic signature, online notary seal, or the electronic record or backup record required under section 9 of this act. An online notary public shall immediately notify the Secretary of State of the loss or use by another person of the online notary public's electronic signature, online notary seal, or the electronic record or backup record required under section 9 of this act.

(5) The online notarial certificate for an online notarial act must include a notation that the notarial act is an online notarial act.

Sec. 11. (1) An online notary public may perform an online notarial act authorized under section 8 of this act that meets the requirements of the Online Notary Public Act and the rules and regulations adopted and promulgated by the Secretary of State.

(2) In performing an online notarial act, an online notary public shall verify the identity of an individual creating an electronic signature, identity shall be verified by:

(a) The online notary public's personal knowledge of the individual creating the electronic signature;
(b) All of the following:
   (i) Remote presentation, by the individual creating the electronic signature of a government-issued identification credential that is current and that bears the photographic image of the individual's face and signature and a physical description of the individual, except that a properly stamped passport without a physical description is satisfactory evidence;
   (ii) Credential analysis of such credential; and
   (iii) Identity proofing of the individual creating the electronic signature; or
(c) Oath or affirmation of a credible witness who is in the physical presence of either the online notary public or the individual and who has personal knowledge of the individual if:
   (i) The credible witness is personally known to the online notary public; or
   (ii) The online notary public has verified the identity of the credible witness under subdivision (2)(b) of this section.

(3) The online notary public shall take reasonable steps to ensure that the communication technology used in an online notarial act is secure from unauthorized interception.

(4) An online notary public shall attach the online notary public's electronic signature and online notary seal to the online notarial certificate of a document in a manner that is capable of independent verification and that renders evident any subsequent change or modification to the electronic document.

(5) The online notarial certificate for an online notarial act must include a notation that the notarial act is an online notarial act.

Sec. 12. (1) An online notary public may perform an online notarial act in addition to any fee authorized under section 33-133, an online notary public or his or her employer may charge a fee in an amount not to exceed twenty-five dollars for each online notarial act.

Sec. 13. (1) Except as provided in subsection (2) of this section, when the registration of an online notary public expires or is resigned, canceled, revoked, or revoked or when an online notary public dies, he or she or his or her duly authorized representative shall erase, delete, or destroy the coding, disk, certificate, card, software file, password, or program that enables the electronic affixation of the online notary public's official electronic signature and online notary seal. The online notary public or his or her duly authorized representative shall certify compliance with this subsection to the Secretary of State.

(2) A former online notary public whose previous registration was not revoked, canceled, or denied by the Secretary of State need not comply with
subsection (1) of this section if he or she is reregistered as an online notary public using the same electronic signature within three months after the former registration expired.

Sec. 14. A person who, without authorization, knowingly obtains, conceals, damages, or destroys the coding, disk, certificate, card, software, file, password, program, or hardware enabling an online notary public to affix an official electronic signature or online notary seal shall be guilty of a Class I misdemeanor.

Sec. 15. (1) Electronic evidence of the authenticity of the electronic signature and online notary seal of an online notary public of this state, if required, shall be attached to, or logically associated with, a document with an online notary public's electronic signature transmitted to another state or nation. Such evidence shall be in the form of an electronic certificate of authority signed by the Secretary of State in conformance with any current and pertinent international treaties, agreements, and conventions subscribed to by the United States Government.

(2) An electronic certificate of authority evidencing the authenticity of the electronic signature and online notary seal of an online notary public of this state shall contain substantially the following information:

Certificate of Authority for an Online Notarial Act

[Signature of Commissioning Official]

Electronic signature (and seal) of commissioning official

(3) The Secretary of State may charge a fee of twenty dollars for issuing an electronic certificate of authority. The Secretary of State shall remit the fees to the State Treasurer for credit to the Administration Cash Fund for use in administering the Online Notary Public Act.

A person violating the Online Notary Public Act is subject to having his or her registration removed under the removal procedures provided in section 64-113.

Sec. 17. Nothing in the Online Notary Public Act requires a notary public to register as an online notary public if he or she does not perform online notarial acts.

Sec. 18. (1) Sections 64-101 to 64-119 and 64-211 to 64-215 and the Uniform Recognition of Acknowledgments Act govern an online notary public unless the provisions of such sections and act are in conflict with the Online Notary Public Act, in which case the Online Notary Public Act controls.

(2) An online notarial act performed under the Online Notary Public Act satisfies any requirement of law of this state that a principal appear before, appear personally before, or be in the physical presence of a notary public at the time of the online notarial act except for requirements under:

(a) A law governing the creation and execution of wills, codicils, or testamentary trusts; or

(b) The Uniform Commercial Code other than article 2 and article 2A.

(3) The Electronic Notary Public Act does not apply to online notarial acts or online public notaries acting under the Online Notary Public Act.

Sec. 19. Section 23-1503.01, Revised Statutes Cumulative Supplement, 2018, is amended to read:

Sec. 23-1503.01. Any instrument submitted for recording in the office of the register of deeds shall contain a blank space at the top of the first page which is at least three inches by eight and one-half inches in size for recording information required by section 23-1510 by the register of deeds. If this space or the information required by such section is not provided, the register of deeds shall contain a blank space at the top of the page a fee established by section 33-109 for the recording of an instrument. No attachment or affirmation shall be used in any way to cover any information or printed material on the instrument.

(2) Printed forms primarily intended to be used for recordation purposes shall have two vertical sides and a one-inch margin on the bottom of the page. Nonessential information such as page numbers or customer notations may be placed within the side and bottom margins.

(3) All instruments submitted for recording shall measure on paper measuring at least eight and one-half inches by eleven inches and not larger than eight and one-half inches by fourteen inches. The instrument shall be printed, or generated in black ink on white background if submitted electronically or on white paper of not less than twenty-pound weight without watermarks or other visible inclusions. The instrument shall be sufficiently legible to allow for a readable copy to be reproduced using the method of reproduction used by the register of deeds. A font size of at least eight points shall be presumed to be sufficiently legible. Each signature on an instrument shall be in black or dark blue ink and of sufficient color and clarity to ensure that the signature is readable when the instrument is reproduced. The signature may be a digital signature or an electronic signature. The name of each party to the instrument shall be typed, printed, or stamped beneath the original signature. An embossed or inked stamp shall not cover or otherwise materially interfere with any part of the instrument.

(4) This section does not apply to:
Sec. 20. Section 64-105, Reissue Revised Statutes of Nebraska, is amended to read:

64-105 (1) A notary public shall not perform any notarial act as authorized by Chapter 64, articles 1, and 2, and 3 if the principal:

(a) Is not in the presence of the notary public at the time of the notarial act; and

(b) Is not personally known to the notary public or identified by the notary public through satisfactory evidence.

(2) For purposes of this section:

(a) Identified by the notary public through satisfactory evidence means identification of an individual based on:

(i) At least one document issued by a government agency that is current and that bears the photographic image of the individual's face and signature and a physical description of the individual, except that a properly stamped passport without a physical description is satisfactory evidence; or

(ii) At least one credible witness unaffected by the document or transaction to be notarized who is personally known to the notary public and personally knows the individual, or the oaths or affirmations of two credible witnesses unaffected by the document or transaction to be notarized who each personally knows the individual and shows to the notary public documentary identification as described in subdivision (a)(i) of this subsection; and

(b) Personal knowledge of identity or personally known means familiarity with an individual resulting from interactions with that individual over a period of time sufficient to dispel any reasonable uncertainty that the individual has the identity claimed.

(3) This section does not apply to online notarial acts under the Online Notary Public Act.

Sec. 21. Section 64-113, Reissue Revised Statutes of Nebraska, is amended to read:

64-113 (1) Whenever charges of malfeasance in office are preferred to the Secretary of State against any notary public in this state, or whenever the Secretary of State has reasonable cause to believe any notary public in this state is guilty of acts of malfeasance in office, the Secretary of State may appoint any disinterested person, not related by consanguinity to either the notary public or person preferring the charges, and authorized by law to take testimonies of witnesses by deposition, to examine, after at least ten days from the day of service of such notice. At such appearance, the notary public may show cause as to why his or her commission should not be canceled or temporarily revoked. The appointee may issue subpoenas to require the attendance and testimony of witnesses and the production of any pertinent records, papers, or documents, may administer oaths, and may accept any evidence he or she deems pertinent to a proper determination of the charge. The notary public may appear, at such time and place, and cross-examine witnesses and produce witnesses in his or her behalf. Upon the receipt of such examination, duly certified in the manner prescribed for taking depositions to be used in suits in the district courts of this state, the Secretary of State shall examine the same, and if therefrom he or she finds that the notary public is guilty of acts of malfeasance in office, he or she may remove the person charged from the office of notary public or temporarily revoke such person's commission. After such removal or revocation and notice thereof, such notary public shall deposit, with the Secretary of State, the commission as notary public and notarial seal. The commission shall be canceled or temporarily revoked by the Secretary of State. A person so removed from office shall be forever disqualified from holding the office of notary public. A person whose commission is temporarily revoked shall be returned his or her commission upon completion of the revocation period and passing the examination described in section 64-101.01. The fees for taking such testimony shall be paid by the state at the same rate as fees for taking depositions by notaries public. The failure of the notary public to deposit his or her commission and seal with the Secretary of State as required by this section shall subject him or her to a penalty of one thousand dollars, to be recovered in the name of the state.

(2) For purposes of this section, malfeasance in office means, while serving as a notary public, (a) failure to follow the requirements and procedures for notarial acts provided for in Chapter 64, articles 1 and 2, (b) violating the confidentiality provisions of section 71-6911, or (c) being convicted of a felony or other crime involving fraud or dishonesty.
(1) The person taking an acknowledgment shall certify that:
(a) (1) The person acknowledging appeared before him or her and acknowledged he or she executed the instrument; and
(b) (2) The person acknowledging was known to the person taking the acknowledgment or that the person taking the acknowledgment had satisfactory evidence that the person acknowledging was the person described in and who executed the instrument.
(2) For purposes of this section, appearance before the person taking an acknowledgment includes an appearance outside the presence of a notary public if such acknowledgement was completed in accordance with the Online Notary Public Act.
Sec. 23. Section 64-205, Reissue Revised Statutes of Nebraska, is amended to read:
64-205 (1) The words acknowledged before me means:
(a) (1) That the person acknowledging appeared before the person taking the acknowledgment;
(b) (2) That he or she acknowledged he or she executed the instrument;
(c) (3) That, in the case of:
(i) A natural person, he or she executed the instrument for the purposes therein stated;
(ii) A corporation, the officer or agent acknowledged he or she held the position or title set forth in the instrument and certificate, he or she signed the instrument on behalf of the corporation by proper authority and the instrument was the act of the corporation for the purpose therein stated;
(iii) A partnership, the partner or agent acknowledged he or she signed the instrument on behalf of the partnership by proper authority and he or she executed the instrument as the act of the partnership for the purposes therein stated;
(iv) A limited liability company, the member or agent acknowledged he or she signed the instrument on behalf of the limited liability company by proper authority and he or she executed the instrument as the act of the limited liability company for the purposes therein stated;
(v) A person acknowledging as principal by an attorney in fact, he or she executed the instrument by proper authority as the act of the principal for the purposes therein stated; or
(vi) A person acknowledging as a public officer, trustee, administrator, guardian, or other representative, he or she signed the instrument by proper authority and he or she executed the instrument in the capacity and for the purposes therein stated;
(d) (4) That the person taking the acknowledgment either knew or had satisfactory evidence that the person acknowledging was the person named in the instrument or certificate.
(2) For purposes of this section, appearance before the person taking an acknowledgment includes an appearance outside the presence of a notary public if such acknowledgement was completed in accordance with the Online Notary Public Act.
Sec. 24. Section 84-618, Revised Statutes Cumulative Supplement, 2018, is amended to read:
84-618 (1) The Treasury Management Cash Fund is created. A pro rata share of the budget appropriated for the treasury management functions of the State Treasurer and for the administration of the achieving a better life experience program as provided in sections 77-1401 to 77-1409 shall be charged to the income of each fund held in invested cash, and such charges shall be transferred to the Treasury Management Cash Fund. The allocation of charges may be made by any method determined to be reasonably related to actual costs incurred by the State Treasurer in carrying out the treasury management functions under section 84-602 and in carrying out the achieving a better life experience program as provided in sections 77-1401 to 77-1409. Approval of the agencies, boards, and commissions administering these funds shall not be required.
(2) It is the intent of this section to have funds held in invested cash be charged a pro rata share of such expenses when this is not prohibited by statute or the Constitution of Nebraska.
(3) The Treasury Management Cash Fund shall be used for the treasury management functions of the State Treasurer and for the administration of the achieving a better life experience program as provided in sections 77-1401 to 77-1409. To the extent permitted by section 529A as defined in section 77-1401, the fund may receive gifts for administration, operation, and maintenance of a program established under sections 77-1403 to 77-1409. Transfers may be made from the Treasury Management Cash Fund to the General Fund at the direction of the Legislature. Any money in the Treasury Management Cash Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska State Funds Investment Act.
(4) On or before July 5, 2019, or as soon thereafter as possible, the State Treasurer shall transfer eighty-two thousand one hundred sixty-seven dollars from the Treasury Management Cash Fund to the General Fund. On or before July 1, 2020, the State Treasurer shall transfer twenty-seven thousand six hundred eighty-two dollars from the Treasury Management Cash Fund to the General Fund.
Sec. 25. Section 86-611, Reissue Revised Statutes of Nebraska, is amended to read:
It is the intent of the Legislature to promote economic growth and the efficient operation of business and government in Nebraska through the electronic exchange of information and legally binding electronic transactions. In order to facilitate the electronic exchange of information, Nebraska must establish means to ensure that electronic transactions are legally binding and enforceable, while ensuring that security measures are in place to prevent opportunities for fraud and misuse.

In any written communication in which a signature is required or used, any party to the communication may affix a signature by use of a digital signature that complies with the requirements of this section. The use of a digital signature shall have the same force and effect as the use of a manual signature if and only if it embodies all of the following attributes:

(a) It is unique to the person using it;
(b) It is capable of verification;
(c) It is under the sole control of the person using it;
(d) It is linked to data in such a manner that if the data is changed, the digital signature is invalidated; and
(e) It conforms to rules and regulations adopted and promulgated by the Secretary of State.

In any communication in which a signature is required or used, a state agency or political subdivision may accept a digital signature or an electronic signature and may accept the communication in electronic format. Any use of a digital signature, an electronic signature, or an electronic communication by a court is subject to the rules of the Supreme Court.

The Secretary of State shall adopt and promulgate rules and regulations to carry out this section which:

(a) Identify and define the type of signature which may be used in the electronic communications governed by the rules and regulations;
(b) Identify and define the type of electronic communications for which a digital signature or an electronic signature may be used; and
(c) Provide a degree of security reasonably related to the risks and consequences of fraud or misuse for the type of electronic communication which, at a minimum, shall require the maintenance of an audit trail of the assignment or approval and the use of the unique access code or unique electronic identifier.

This section shall not be construed to invalidate digital signatures, electronic signatures, or electronic communications which are valid under any other applicable law.

Unless otherwise provided by law, the use or acceptance of a digital signature or an electronic signature shall be at the option of the parties to the communication. This section shall not be construed to require a person to use or permit the use of a digital signature or electronic signature.

In developing the rules and regulations, the Secretary of State shall seek the advice of public and private entities, including the Department of Administrative Services.

For purposes of this section:

(a) Electronic signature means a unique access code or other unique electronic identifier assigned or approved by the state agency for use in communications with the state agency;
(b) Digital signature means an electronic identifier, created by computer, intended by the person using it to have the same force and effect as a manual signature; and
(c) State agency means any agency, board, court, or constitutional officer of the executive, judicial, and legislative branches of state government, except individual members of the Legislature.

The register of deeds or county clerk of each county shall provide one or more electronic recording services for the purpose of accepting electronically submitted real estate documents for recording.

For purposes of this section:

(a) Electronic signature means a unique access code or other unique electronic identifier assigned or approved by the state agency for use in communications with the state agency;
(b) Digital signature means an electronic identifier, created by computer, intended by the person using it to have the same force and effect as a manual signature; and
(c) State agency means any agency, board, court, or constitutional officer of the executive, judicial, and legislative branches of state government, except individual members of the Legislature.

The Revisor of Statutes shall assign sections 1 to 18 of this act to a new article in Chapter 64.

Sec. 26. The Revisor of Statutes shall assign sections 1 to 18 of this act to a new article in Chapter 64.

Sec. 27. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, 26, and 29 of this act become operative on July 1, 2020. The other sections of this act become operative on their effective date.

Sec. 28. Original section 84-618, Revised Statutes Cumulative Supplement, 2018, is repealed.

Sec. 29. Original sections 64-105, 64-113, 64-203, 64-205, and 86-611, Reissue Revised Statutes of Nebraska, and section 23-1503.01, Revised Statutes Cumulative Supplement, 2018, are repealed.

Sec. 30. Since an emergency exists, this act takes effect when passed and approved according to law.