



**House
Legislative
Analysis
Section**

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ALLOW PURGE OF TAX LIEN FILES

House Bills 4351 and 4352 as introduced
First Analysis (4-6-89)

Sponsor: Rep. Roland G. Niederstad
Committee: Taxation

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THE APPARENT PROBLEM:

The State Tax Lien Registration Act and the Uniform Federal Lien Registration Act do not authorize the Department of State or local registers of deeds, with whom various lien filings are made, to purge their files of expired liens. The records continue to take up space even though the liens are no longer effective. A check for tax liens (by a lender, for example) can uncover old liens that are without force, with obvious possibilities for error and confusion. It has been suggested that a purge provision be included in the two acts, along with various other changes to the laws.

THE CONTENT OF THE BILL:

The bills would amend the Uniform Federal Lien Registration Act and the State Tax Lien Registration Act to allow a filing officer (the secretary of state or county register of deeds) to purge tax lien files if a lien is not refiled within seven years and sixty days after the date of the original filing or most recent refiling. A tax lien that was refiled after the file had been removed would be treated as an original lien. (The bills are understood to apply to liens against personal property not liens against real property, which are recorded permanently.)

Also under the bills, if a tax lien (of any kind) had been assessed and filed or recorded in error, the certificate of release or discharge would have to contain a statement explaining that.

Any person may request a filing officer to issue a certificate showing whether there is on file any notice of a state tax lien naming a particular person. The fee for the certificate would be standardized at \$3. (It is currently \$3 in the federal lien act and \$1 in the state lien act.) The fee for a copy of any notice of a tax lien or notice affecting a tax lien would be standardized at \$1 per page. (It is currently \$3 for federal liens.)

House Bill 4351 would amend the Uniform Federal Lien Registration Act (MCL 211.665). House Bill 4352 would amend the State Tax Lien Registration Act (MCL 211.684).

FISCAL IMPLICATIONS:

There is no information at present.

ARGUMENTS:

For:

The bills would allow state and county officials who maintain tax lien files to purge their files of outdated liens against personal property in the same way that their counterparts in a number of other states may do. Officials say it is normal procedure to include a timetable for purging outdated records in record-keeping laws, but this was apparently overlooked when the two tax lien laws were enacted. Furthermore, the bills would protect innocent parties from the damage to credit ratings and reputations that could occur if an erroneous lien filing was not noted as such when discharged.

POSITIONS:

The Department of State supports the bill. (4-5-89)

H.B. 4351 (4-6-89)