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STATE PLAT REVIEW FEE



House
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Analysis
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House Bill 5279 as passed by the House
Second Analysis (8-8-90)

Sponsor: Rep. Ralph Ostling
Committee: Appropriations

THE APPARENT PROBLEM:

Under the Subdivision Control Act, the state commerce department makes a final review of proposed plats prior to developers selling lots. By statute, the state is supposed to complete its review within 15 days after receiving a plat, but increases in plat applications brought the review period to as long as 48 working days in recent months. (From fiscal year 1984-85 to 1988-89, the number of plats received per year increased from 250 to 473, and total number of lots from 4,888 to 12,771.) Since last summer, the department added a surveyor to its plat review staff and temporarily obtained surveyor and clerical assistance under contract, and thus has brought the backlog under control. The turn-around period is now about 10 working days, well within the 15-day statutory requirement. However, funding for the extra help is on shaky ground. According to the House Fiscal Agency, the department's appropriations act for the current fiscal year (Public Act 198 of 1989; enrolled Senate Bill 230) contemplates the collection of \$203,100 in property development fees, but the department lacks authority to collect those extra fees. Legislation has been proposed to enable it to do so.

THE CONTENT OF THE BILL:

The bill would amend the Subdivision Control Act to temporarily impose a "state plat review fee" of \$150 plus \$10 per lot for each lot over four included in a plat. The fees would be deposited in a special revolving fund to be used in administering the act. The new fee would be in addition to the \$20 filing and recording fee paid to a municipal clerk and passed on by the local clerk to the clerk of the county plat board. (The filing and recording fee itself is in addition to any fees charged by the municipality.) Currently, half of the \$20 fee is sent to the state and half to the county register of deeds. Under the bill, the register of deeds would receive all of the fee. Provisions added by the bill would lapse two years after the bill took effect, at which time existing law would again apply. The state treasurer may at present charge an additional \$10 when the review time is extraordinary; this authority would be suspended during the two-year period.

MCL 560.169 and 560.241

FISCAL IMPLICATIONS:

According to the Department of Commerce, state plat review fees under the bill would generate about \$104,780, assuming plat filings at the rate of 338 per year, with 20 lots per plat. (8-8-90)

ARGUMENTS:

For:

The bill would provide temporary funding for the extra plat review personnel that have been needed to process the numbers of plat applications being received. That fee revenue would put the program on a solid financial footing,

help to satisfy the condition the budget bill imposed on spending \$203,100 in appropriations for the property development program, and answer auditor general concerns that plat fees, unchanged since 1968, may be unreasonably low. By providing the means to continue to provide plat approval within 15 days, the bill would enable real estate developers to begin selling lots sooner, thus receiving returns on their substantial investments.

Response: As introduced, the bill proposed a state plat review fee of \$300 plus \$30 for each lot over four included in a plat. With House floor amendments, fee revenue under the bill would not be sufficient to meet needs or free the \$203,100 contained in the current year's budget bill, Public Act 198 of 1989. Moreover, that act made \$203,100 in appropriations for the property development program contingent on enactment of House Bill 4983, a bill similar but not identical to House Bill 5279. Some clarification of the budget act appears to be in order.

Against:

Some people may find the extra fees burdensome and dispute the necessity for developers to assume those costs, arguing that as plat review is a state responsibility, the state should accept the costs.

Response: The fees proposed are temporary ones needed to fund the extra staffing required to deal with the recent influx of plat applications. The delays that would occur without this staffing likely would cost developers more than the fees themselves.

Against:

The Department of Commerce is evaluating the feasibility of eliminating commerce department review of plats. It thus would be prudent for the bill to authorize the extra fees for one year rather than two.

Response: At present, the funding is needed to pay for the staff needed to review the large numbers of plats received. Should program changes occur, there will be time enough to dispense with the state plat review fee.

POSITIONS:

The Michigan Association of Realtors supports the bill. (8-8-90)

The Michigan Society of Registered Land Surveyors supports the bill as a means of expediting the plat review process. (8-8-90)

The Consulting Engineers Council of Michigan does not oppose the bill. (8-8-90)

The Department of Commerce does not have a formal position on the bill at this time. (8-8-90)

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