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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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House Bills 4351 and 4352 (as reported without amendment)

Sponsor: Representative Roland G. Niederstadt

House Committee: Taxation

Senate Committee: Finance

Date Completed: 5-31-89

RATIONALE

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, and thus can cause error and confusion. It has been suggested that a purge provision be included in the two Acts, and that the price charged for lien certificates and copies be standardized.

CONTENT

House Bill 4351 would amend the Uniform Federal Lien Registration Act, and House Bill 4352 would amend the State Tax Lien Registration Act, to allow a filing officer (the Secretary of State or a county register of deeds) to purge tax lien files if a lien were not refiled within seven years and 60 days after the date of the original or most recent filing. A tax lien that was refiled after the file had been removed would be treated as an original lien.

Further, under the bills, if a tax lien had been assessed and filed or recorded in error, the certificates of release or discharge would have to contain a statement explaining that the lien had been filed or recorded in error.

Currently, under the Acts, any person can request a filing officer to issue a certificate showing whether there is on file any notice of a lien that names a particular person. Under the Uniform Federal Lien Registration Act a

person, must pay \$3 for a certificate showing a lien, and \$3 per page for a copy of any notice of a tax lien or notice affecting a tax lien. Under the State Tax Lien Registration Act, there is a \$1 fee for a certificate and a \$1 fee per page for copies. The bills would require under both Acts a \$3 fee for certificates and a \$1 per page fee for copies.

MCL 211.665

FISCAL IMPACT

The bills would have no fiscal impact on State government and a minor reduction in local government revenue.

ARGUMENTS**Supporting Argument**

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 can occur if a lien is erroneously filed.

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H8990/S4351A

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

H.B. 4351 & 4352 (5-31-89)