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FISCAL ANALYSIS

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HOUSE BILL 6490 AS ENROLLED

Sponsor: Rep. Nancy Cassis

House Committee: Local Government and Urban Policy

ENROLLED ANALYSIS - 1/6/03

Analyst(s): Bob Schneider

SUMMARY

Under current law, county registers of deeds collect a \$2 fee on any recorded instrument and remit fee revenues to the State Survey and Remonumentation Fund (except for up to 1½% of the fee which may be retained by the county for administrative costs). The fund is then used to provide annual formula grants to counties to reimburse them for remonumentation efforts required under statute.

The bill would amend current law to increase this fee from \$2 to \$4 per recorded instrument through January 1, 2013 and to exempt from the fee any instrument recorded by a foreclosing governmental unit as required under sections 78 to 78p of the General Property Tax Act. The fee would be reduced back to \$2 after January 1, 2013. It also limits the amount of a county's annual grant that can be used as reimbursement for costs incurred in expediting a county remonumentation plan to 50% of the grant amount.

The fee has generated revenue of between \$5.0 million and \$5.5 million annually from FY 1999 through FY 2001. Revenue increased during FY 2002 to around \$6.7 million, primarily due to a significant increase in mortgage refinancing. The State Survey and Remonumentation Fund's balance at the close of FY 2002 was around \$7.1 million. The fee increase should generate an additional \$5.5 million - \$6.0 million annually for the state. Increased revenues would allow for larger grants to counties to cover remonumentation costs. Since counties will continue to have the authority to retain 1½% of the fee for administration, local revenue would also directly increase in this way. The exemption of recordings related to foreclosures is expected to have a negligible impact on these revenues.

The 50% limitation on revenue applicable to the costs of expedited county plans could affect the distribution of these revenues among all counties. Current law allows counties to elect to implement an expedited plan, paying for remonumentation costs upfront with local dollars and then being reimbursed by the State through fund revenues over a ten year period. Counties that have completed an expedited county plan [according to the Department of Consumer and Industry Services, two counties (Oakland and Ottawa) have done so] would only be allowed to use 50% of their annual grant revenues as reimbursement for expedited costs. Counties could use remaining revenue for maintenance purposes, although it is likely that these costs would fall below the remaining 50% of the annual grant award. Any remaining grant amount not used for reimbursement or maintenance would be returned to the State and could be redistributed to other counties. Essentially, this provision provides that the fee increase contained in the bill is utilized for current remonumentation activities and not for reimbursing past expedited activities. Affected expediting counties would continue to receive similar amounts from the State towards reimbursement of the expedited plan but would not receive additional revenues due to the increase.