Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 1299 (Substitute S-1 as reported)
Senate Bill 1300 (as reported without amendment)
Sponsor: Senator Arlan Meekhof
Committee: Local Government and Elections

## CONTENT

Senate Bill 1299 (S-1) would amend the Revised Judicature Act to allow a county or counties that elected to expedite completion of a monumentation or remonumentation plan, and had a balance of unreimbursed expenditures of more than $1.5 million, to retain certain recording fees, rather than remitting them to the State for deposit in the Survey and Remonumentation Fund.

The State Survey and Remonumentation Act required each county, by January 1, 1994, to submit to the Commission for approval a plan for the monumentation or remonumentation of the entire county. Upon the approval of a plan, a county could spend or borrow funds to expedite completion. (The Commission is the Director of the Department of Licensing and Regulatory Affairs.)

The Revised Judicature Act requires a county register of deeds to collect a fee of $4 for recording any instrument, in addition to any other fees or charges required by law. (This fee is scheduled to be $2 beginning January 1, 2023.) The fees must be remitted to the State Treasurer for deposit in the Survey and Remonumentation Fund, although a county may retain up to 1.5% of each fee to cover administrative costs. (The Fund's purposes include providing annual grants to counties to implement their county plans or multicounty plans, and reimbursing counties that elect to expedite completion.)

Under the bill, if at any time after its effective date a county had a balance of unreimbursed expenditures of more than $1.5 million to expedite completion of a plan, the county or counties could retain the entire amount of the fees until the balance of unreimbursed expedited expenditures was zero. The retained fees would have to be used as reimbursement for unreimbursed expedited expenditures and, if the county were implementing the perpetual monument maintenance plan described in the State Survey and Remonumentation Act, to pay for associated work.

(Under the State Survey and Remonumentation Act, a county plan must include a perpetual monument maintenance plan that provides for all corners to be checked, and remonumented if necessary, at least once every 20 years.)

Senate Bill 1300 would amend the State Survey and Remonumentation Act to do the following:

-- Provide that a county that retained fees under Senate Bill 1299 (S-1) would not be eligible for a grant or payment from the Survey and Remonumentation Fund.

-- Require a county that retained the fees to obtain authorization from the Commission before implementing a change that significantly altered the approved plan.
-- Allow a county to request Commission approval of a modification that would extend completion of a plan by up to 20 years, and require the Commission to grant the request if the county had made a good-faith effort to complete its original plan.

The bills are tie-barred.

MCL 600.2567a (S.B. 1299)
54.268 et al. (S.B. 1300)

Legislative Analyst: Julie Cassidy

**FISCAL IMPACT**

The bills would have a superficial fiscal impact on the Department of Licensing and Regulatory Affairs (LARA), and no net fiscal impact on county governments as a whole. However, the bills would change how revenue from recording fees is distributed to counties.

Currently, counties remit all but 1.5% of their $4 recording fees to LARA for deposit into the State Survey and Remonumentation Fund. The Department then distributes this revenue back to counties in the form of grants based on the needs of the counties' monumentation and remonumentation plans. Typically, a grant is not less than 40% of the revenue collected by the county, but can be significantly more.

The bills would allow counties with more than $1.5 million in unreimbursed costs related to expedited monumentation and remonumentation to retain all of the revenue collected rather than remitting it to LARA. This retained revenue would be used to compensate a county for its costs and to implement its county plan until the balance of unreimbursed costs was zero, after which the county would return to remitting its fees.

The fiscal impact of the bills on LARA would be superficial; to the extent that counties retained their fees rather than remitting them, revenue to the State Survey and Remonumentation Fund would decrease, but grants from that Fund also would decrease by a like amount. This would serve to have no appreciable fiscal impact on LARA. The fiscal impact on counties would be more substantial, however. Counties with uncompensated costs of more than $1.5 million related to their county plans would experience an increase in the revenue available for those costs and for plan implementation. Counties without uncompensated costs could see their State remonumentation grant amounts reduced, as some unknown amount of revenue to the Fund would be retained by counties with large uncompensated cost balances, reducing revenue to the Fund that is available for grants.

Date Completed: 11-14-12

Fiscal Analyst: Josh Sefton

floor\sb1299