



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

BILL ANALYSIS



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

Senate Bills 1299 and 1300 (as introduced 9-20-12)
Sponsor: Senator Arlan Meekhof
Committee: Local Government and Elections

Date Completed: 11-8-12

CONTENT

Senate Bill 1299 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.

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 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 (the Director of the Department of Licensing and Regulatory Affairs) 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.

Senate Bill 1299

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.

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. (The amount of 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. (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, as described below.) A county may retain up to 1.5% of each fee to cover administrative costs.

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 to pay for implementation of the perpetual monument maintenance plan described in the State Survey and Remonumentation Act in amounts approved by the Department of Licensing and Regulatory Affairs and as reimbursement for unreimbursed expedited expenditures.

(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

County Plan Extension

The State Survey and Remonumentation Act requires a county plan to provide for the monumentation or remonumentation of the entire county within 20 years. Under the bill, a county that submitted a plan could request the Commission to approve a modification that extended the time period by up to an additional 20 years. The Commission would have to grant the request unless it found that the county had not made a good-faith effort to carry out its plan as originally submitted.

Expedited Plan

Upon establishment and approval by the Commission of a county plan, a county may spend or borrow funds to expedite completion. If a county or two or more counties elect to do so, the Commission must enter into a contract to provide that the costs to expedite the plan are reimbursed or paid from the Survey and Remonumentation Fund. A county or counties that spent or borrowed money may recapture the costs of expedition, which must be paid out of the Fund over a period of at least 10 years. Also, a county or two or more counties seeking expedition may, by resolution of the county board of commissioners, issue bonds payable primarily from the money received or to be received under the contract with the Commission.

The Commission must use money in the Fund for the following purposes:

- Annual grants to counties to implement their county monumentation and remonumentation plans.
- Annual grants to two or more counties to implement their multicounty plan.
- The implementation of county plans that are initiated and contracted for by the Commission.
- An annual grant to each county that has a county plan or to two or more counties that have a multicounty plan to implement a perpetual monument maintenance plan.
- The payment of contracts that are entered into by the Commission for monumentation or remonumentation.
- Other activities necessary, incidental, or appropriate to implement the Act.

In addition, Fund money must be used to pay the costs of expediting a plan or to reimburse a county's costs associated with spending or borrowing money or issuing bonds for expedition.

An amount equal to at least 40% of the money collected in each county and deposited in the Fund under the Revised Judicature Act must be spent in that county to implement or expedite a plan.

Under the bill, a county that retained recording fees for unreimbursed expedited expenditures (as Senate Bill 1299 would allow) would not be eligible for a grant or payment from the Fund. In addition, such a county would have to obtain authorization from the Commission before implementing a change that significantly altered the approved plan.

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 fees from recording any instruments 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.

Fiscal Analyst: Josh Sefton

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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.